



July 16, 2019

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**NTU urges all Representatives to vote “YES” on H.R. 748, the Middle Class Health Benefits Tax Repeal Act of 2019. This legislation would permanently repeal the flawed “Cadillac tax” scheduled to go into effect in 2022, which could impact up to one in five employers immediately. Congress should also work to permanently repeal the medical device tax and the Health Insurance Tax (HIT), both of which are scheduled to go into effect in 2020.**

NTU has noted before that the Affordable Care Act’s excise tax on high-cost employer-sponsored insurance (ESI), popularly known as the “Cadillac tax,” is a poor solution to a real policy dilemma - addressing the employer-sponsored health insurance tax exclusion that has distorted markets. Even though the intent of the tax was to reduce health care costs and boost the economy, the Joint Committee on Taxation (JCT) and the Congressional Budget Office (CBO) have estimated that the Cadillac tax will depress wages.

The Cadillac tax would also have a far-reaching impact on ESI plans. The Kaiser Family Foundation (KFF) recently reported that the Cadillac tax could impact more than one in five employers (21 percent) in 2022, when the tax is scheduled to go into effect. Since the cost of ESI plans is expected to rise faster than inflation, a growing proportion of plans will likely become subject to the tax over time. KFF estimates that nearly two in five ESI plans (37 percent) will be subject to the tax by 2030.

When it comes to taxes imposed by the Affordable Care Act, though, Congress should not stop with Cadillac tax repeal. Both the medical device tax and the Health Insurance Tax (HIT) have been suspended by Congress, but are scheduled to resume in 2020. The costs of these taxes will ultimately be borne by consumers, in the form of higher health spending and higher premiums. Additionally, Congress should examine the tax treatment of health care in a holistic fashion and work toward a minimally distortionary environment that empowers consumers to make decisions about their own health care needs.

NTU strongly urges Representatives to support H.R. 748, and additionally to permanently repeal both the medical device tax and HIT.

**Roll call votes on H.R. 748 will be included in our annual Rating of Congress and a “YES” vote will be considered the pro-taxpayer position.**

*If you have any questions, please contact NTU Policy and Government Affairs Associate Andrew Lautz at [alautz@ntu.org](mailto:alautz@ntu.org)*

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