

February 13, 2017

Mr. Gary D. Cohn
Director, National Economic Council
The White House
Washington, DC

Dear Mr. Cohn:

The Nation's employers provide stable health care benefits to more than 177 million Americans – the largest source of health coverage in the country. Moreover, surveys show that employees and their families value and rely upon the health benefits their employers offer. **As Congress drafts legislation to repeal and replace the Patient Protection and Affordable Care Act (ACA), we strongly urge you to maintain this efficient and effective source of health coverage by calling for full and permanent repeal of the 40 percent “Cadillac Tax” on health benefits and protecting the longstanding tax treatment of employer sponsored coverage.**

Legislation that would cap the individual tax exclusion for employer-provided health benefits would be a direct tax increase on middle class Americans and their families, as well as on the businesses Americans are counting on to create jobs. We support efforts aimed at controlling health care costs, but taxing health benefits does not lower health care costs. On the contrary, taxing benefits will raise costs for employees who are already struggling to afford health insurance.

For decades, employers have been working on behalf of their employees to rein in health care costs. Employers negotiate with providers and insurers for the lowest pricing that is consistent with the best care. Employers develop and engage in innovative delivery system reforms, lead in the transition to consumer-driven health benefits and wellness programs, and help employees navigate the complex and confusing health care system. These are the types of improvements that lower the actual cost of delivering quality health care.

Taxing health benefits by capping the individual tax exclusion constitutes a tax increase that will drive up out-of-pocket costs for employees and their families, risking disruption to the stable, employer-based system, and threatening the benefits working families enjoy and want to keep. This policy would discourage lower-wage workers from enrolling in employer-provided insurance, potentially leaving them vulnerable and uninsured or in unstable individual market plans. **American voters want lower-cost and high quality health care; they do not want more taxes.**

Many of the current ACA replacement proposals repeal the 40% “Cadillac Tax” on employer-sponsored health benefits, but replace it with a cap on the individual tax exclusion. We have the opportunity to repeal a bad policy in the ACA’s Cadillac Tax. We strongly urge the Trump Administration to support repealing the Cadillac Tax and maintain the current tax exclusion of employer-provided health care benefits. Providing tax credits for purchasing individual coverage, or any other reforms to the health system, should not come at the expense of those who receive health care through their employer.

Employers add tremendous value to the health care system and have long supported efforts to reform the system. **We look forward to working with Congress and the Trump Administration to design legislation that can help increase Americans’ health insurance**

coverage options, improve the quality of health care, and take critical action to apply downward pressure on the real drivers of health care costs, without imposing new taxes on the health benefits of hard-working taxpayers.

Sincerely,

American Benefits Council
American Staffing Association
Associated General Contractors
Auto Care Association
College and University Professional Association for Human Resources
Employers Council on Flexible Compensation
Food Marketing Institute
Health Action Council
HR Policy Association
Independent Insurance Agents & Brokers of America, Inc.
National Alliance of Healthcare Purchaser Coalitions
National Association of Health Underwriters
National Association of Insurance and Financial Advisors
National Association of Wholesaler-Distributors
National Business Group on Health
National Retail Federation
NTCA - The Rural Broadband Association
Outdoor Amusement Business Association, Inc.
Retail Industry Leaders Association
Self-Insurance Institute of America
Small Business & Entrepreneurship Council
Society for Human Resource Management
Society of American Florists
Society of Professional Benefit Administrators
The Council of Insurance Agents & Brokers
The ERISA Industry Committee
U.S. Chamber of Commerce

CC:

National Economic Council
Domestic Policy Council