ERIC
The ERISA Industry Committee
Driven By and For Large Employers
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James Gelfand, Senior Vice President of Health Policy

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Dear Member of Congress,

This week, the House is expected to vote on H.R. 748, the "*Middle Class Health Benefits Tax Repeal Act of 2019*." The ERISA Industry Committee (ERIC) is the only national trade association that advocates exclusively for large employer plan sponsors on health, retirement, and compensation public policies on the federal, state, and local levels. ERIC member companies employ workers in every state and community and provide health coverage that is valued and relied upon by families across the country. **ERIC urges members of Congress to vote YES and support this legislation**.

H.R. 748, supported by more than 360 cosponsors in the House, would eliminate the impending 40% "Cadillac" excise tax on high-cost employer-sponsored health insurance. The tax does not target overly-generous benefits; instead, it attacks plans based upon their costs. As such, plans that insure more individuals with chronic conditions, more seniors, more women, and populations more likely to incur health care costs will be unfairly taxed at an unsustainable rate – as will those based parts of the country where health care is more expensive.

If Congress fails to repeal the Cadillac tax, employers may have to:

- **Directly shift costs to employees**. This could include increasing the portion of the plan premium employees pay, increasing deductibles, copays and coinsurance.
- **Eliminate employer contributions to consumer-directed accounts**. This includes Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), or Flexible Spending Accounts (FSAs).
- **Reduce access to care**. This includes tightening networks and excluding high-cost providers, implementing barriers to high cost treatments and providers (step therapy, prior authorization), moving expensive medicines deeper into Rx formularies, and eliminating coverage for some medications.
- **Eliminate coverage for spouses and dependents**, and separate out or eliminate excepted benefits. These include dental, vision, hospital indemnity, cancer-only, or other "add-on" benefits.
- **Drastically redesign plans**. For instance, ending preferred provider organization (PPO) or similar plans, and implementing a high-deductible health plan (HDHP) or a health maintenance organization (HMO).
- **Eliminate investments in health**. Investments that plan sponsors make to improve health may save money later, but the costs of those investments could be considered to add value to the plan. As such, plans may consider eliminating on-site clinics, wellness programs, telehealth benefits, health information technology investments, and other health improvement efforts that have up-front costs.

As we have previous reported to Congress, the Cadillac tax is an existential threat to employer-sponsored health benefits. Repealing the Cadillac tax is ERIC's top priority on behalf of our member companies. While employers support efforts to reduce health care costs, a tax on benefits will do the opposite, making health insurance *less* affordable for workers, their families, and retirees.

As such, when H.R. 748 comes to a vote, ERIC urges members to vote YES. We look forward to working with Congress to finally repeal this damaging tax, to ensure affordability of health benefits for patients.

Sincerely,

James P Gelfand

ERIC is the only national association that advocates exclusively for large employers on health, retirement, and compensation public policies at the federal, state, and local levels.