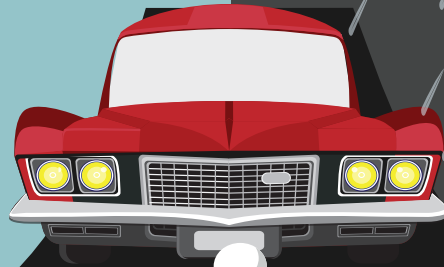


Cadillac Tax

EXPECTATIONS VS. REALITY

What's the Cadillac tax?



Starting in 2022, there will be a 40% tax on health insurance plans that cost more than \$10,200 for individuals and \$27,500 for families.

REALITY

EXPECTATIONS

Initially was supposed to affect just **3%** of plans.¹

How many plans?

"Over time...virtually every employer will be subject to the Cadillac tax." - Kaiser Family Foundation SVP Larry Levitt²

"an excise tax on . . . executives at **Goldman Sachs**" - David Axelrod, Senior Advisor to President Obama, 2009.³

Who's affected?

The tax will hit a higher percentage of state/local government employers - like **schools** and **police departments** - than finance firms.⁴

Will affect **overly generous**, gold-plated plans.

What type of plans?

In 26 states, the typical plan hit by the tax is equivalent to the **mid-level "Silver"** plans on the ACA's exchanges.⁵

Congressional Budget Office expects that the tax will raise \$91 billion over a decade.⁶

Revenue?

3/4 of that \$91 billion comes from increased income taxes, on the expectation that employers will compensate for cutting benefits by raising wages.⁷

¹<https://www.hrdive.com/news/congress-pushes-acas-cadillac-tax-to-2022/515447/>
²<http://www.nbcnews.com/business/consumer/obamacare-cadillac-tax-will-lead-employers-cut-fsas-analysis-n415516>
³http://www.nytimes.com/2009/07/27/health/policy/27insure.html?_r=4

⁴<http://inq.sagepub.com/content/48/4/322.long> 12% vs 9%. pg 328
⁵United Benefit Advisors 2015 Health Plan Survey
⁶http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf
⁷http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf

Cadillac Tax

DESTINATION: FEWER BENEFITS & HIGHER COSTS

EMPLOYERS PLAN TO RAISE COSTS AND REDUCE BENEFITS. ONE IN THREE EMPLOYERS HAS OPTED TO OFFER ONLY HIGH-DEDUCTIBLE PLANS – OR IS CONSIDERING DOING SO.⁸



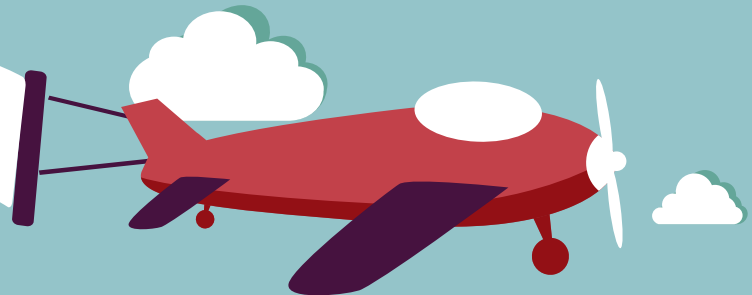
MAJOR EMPLOYERS ARE DROPPING COVERAGE FOR SPOUSES.⁹



HEALTH REIMBURSEMENT ARRANGEMENTS, HEALTH SAVINGS ACCOUNTS AND FLEXIBLE SPENDING ACCOUNTS – WHICH REDUCE HEALTHCARE SPENDING – "WILL LIKELY BE AMONG THE FIRST BENEFITS CUT."¹⁰

But even cutting benefits won't help many employers avoid the tax.

74% OF EMPLOYERS ARE EXPECTED TO BE HIT BY THE TAX.¹¹



20% OF EMPLOYERS SAY THE CADILLAC TAX WILL BE THEIR SINGLE BIGGEST COST DRIVER.¹²



⁸<https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>

⁹<http://www.nbcnews.com/news/other/large-employers-cite-obamacare-cadillac-tax-reducing-benefits-f2D11655467>

¹⁰<http://www.bna.com/employers-may-cut-b57982058830/>

¹¹United Benefit Advisors 2015 Health Plan Survey

¹²<https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>