

PRESERVE THE TAX TREATMENT OF EMPLOYER-SPONSORED HEALTH INSURANCE

▶ **CAPPING THE TAX EXCLUSION IS A DIRECT TAX ON EMPLOYEES AND THE MIDDLE CLASS**

According to the American Health Policy Institute, capping the tax exclusion will increase taxes on employees.

Average Employee Cost Per Year	2020 to 2026
Capping the Tax Exclusion at 90%	\$520
Eliminating the Tax Exclusion in 2020	\$5,263

▶ **MARKETS DRIVING INCREASE IN CONSUMER DRIVEN HEALTH PLANS**

Proponents of capping the tax exclusion argue that consumers should have more of a financial stake in health costs, and that's already happening.

According to Kaiser's 2016 Health Benefits Survey, employers mitigate the risk of excessive spending by requiring employees to bear more of the cost of their health plans. The average deductible amount has tripled from \$584 in 2006 to \$1,478 in 2016.

▶ **CAPPING THE TAX EXCLUSION WILL LIKELY INCREASE "ADVERSE SELECTION" IN EMPLOYER RISK POOLS**

According to the Congressional Budget Office (CBO), the current tax-exemption for employer-sponsored benefits "encourages relatively healthy workers to obtain health insurance", therefore reducing the problem of "adverse selection" in employer risk pools.

▶ **EMPLOYEES WANT TO GET COVERAGE FROM THEIR EMPLOYERS**

According to the Employee Benefits Research Institute, in 2013 74% of employees responded they are satisfied with their current health benefits, while only 14% answered they would want higher wages and fewer benefits. In addition, 80% of respondents said that it was very or extremely important to them that their employer offers benefits.

▶ **LESS PEOPLE WILL HAVE COVERAGE**

According to the CBO, the removal of the ESI exclusion will reduce the number of people with ESI by 15 million or about 10%. Many of those that lose coverage will likely remain uninsured.