

Preserve the Tax Treatment of Employer-Sponsored Health Insurance

BACKGROUND

The employer-sponsored insurance (ESI) market is the most effective system of delivering healthcare benefits in the United States, with more than 177 million Americans currently receiving their health insurance from their employer. Employee insurance premiums are currently untaxed. Adjusting this could be catastrophic to the employer-sponsored insurance system.

WHY IT MATTERS

- **Congress is considering a direct tax on employee insurance premiums**

Imposing a tax on employer-sponsored health plans is a dangerous policy experiment that could significantly erode employer-sponsored health coverage. According to the American Health Policy Institute, capping the tax exclusion is a direct tax on employees and the middle class.

| Average Employee Cost Per Year | 2020 to 2026 |
|---------------------------------------|--------------|
| Capping the Tax Exclusion at 90% | \$520 |
| Eliminating the Tax Exclusion in 2020 | \$5,263 |
| Current Cadillac Tax | \$636 |

- **Employees want to get coverage from their employers**

According to 2015 research conducted by the Employee Benefits Research Institute, 66 percent of employees responded that they are satisfied with their current health benefits, while only 14 percent answered they would want higher wages and fewer benefits. In addition, 88 percent of workers reported that employment-based health insurance is “extremely” or “very” important, far more than any other workplace benefit.

OUR POSITION

The Council of Insurance Agents & Brokers urges Congress **to preserve the tax treatment of employer-sponsored health insurance and oppose any assault to the current tax treatment.**

It would be a cruel hoax on the American public if replacement of the Affordable Care Act is a measure that now taxes their health benefits.

ABOUT US

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits brokerage firms worldwide. Council members are market leaders who annually place 85% of U.S. commercial property/casualty insurance.

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