



## International Association of Machinists & Aerospace Workers

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### **IAM Supports Full Repeal of the Health Care “Cadillac” Tax**

**Position: The Patient Protection and Affordable Care Act (ACA) has been a controversial law, but the IAM’s main concern in the law, is a 40% excise tax commonly known as the “Cadillac” tax. Representatives Mike Kelly (R-PA) and Joe Courtney (D-CT) have sponsored H.R.173, the Middle Class Health Benefits Tax Repeal Act of 2017. The IAM strongly supports this legislation to repeal the Cadillac tax.**

**Health care is a basic human right and taxing workers whose unions negotiate good health care in lieu of increased wages is unconscionable.** The 40% excise tax is scheduled to be imposed on high-cost health care plans in 2020. Many of the health insurance benefits the IAM negotiates will be affected by this tax. As a result, employers have already begun to lower the value of their health plans to avoid paying the tax.

**Under the current ACA law, healthcare plans will be subject to a 40% excise tax if their plan exceeds individual coverage costs of \$10,200 and family coverage costs of more than \$27,500. Congress must amend the Internal Revenue Code of 1986 and repeal the excise tax on high cost employer-sponsored health coverage.**

It is a myth to believe that employers lowering their health coverage plans will pass that money onto workers. In fact, IAM negotiators at the table today are seeing lower benefits but not increased wages. **Some employers are already planning on increasing out-of-pocket limits, co-pays and deductibles just to cover the costs of paying the 40% excise tax.**

**Over time, continued medical inflation, an aging workforce, new medical technologies and drug therapies, together with the ACA’s benefit mandates, will make it more difficult for employers to provide affordable health care benefits to employees, and the unstoppable increase in health care costs will eventually cause employer-sponsored plans to fall under the Cadillac tax. The IAM believes that it is important for Congress to proactively pass legislation this year, rather than passively waiting until 2020, to counteract the tax’s harmful effects.**

**Common-sense, legislation to repeal the excise tax is supported by the business community as well as by labor unions, and will prevent the ACA’s unintended consequences of placing this unfair and unnecessary burden on businesses and working-class families from going into effect.**