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June 3, 2019

The Honorable Joe Courtney
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mike Kelly
U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives Courtney and Kelly:

On behalf of First Focus Campaign for Children, a bipartisan children's advocacy group working to ensure children and families are a priority in federal policy and budget decisions, I write to offer our strong support for H.R. 748, the *Middle Class Health Benefits Tax Repeal Act of 2019*.

A key tenet of our Proactive Kids Agenda¹ is to ensure all children have health coverage that meets their physical, oral, and behavioral health care needs. In light of the fact that over 37 million children have employer-provided health care coverage², we are deeply concerned that the 40 percent “Cadillac Tax” on employer coverage will encourage the shifting of even more costs onto families through higher deductibles and copayments, the imposition of coverage limitations, and the elimination of benefits, which disproportionately impact family plans and the pediatric coverage specific to the need of our nation’s children. Although slated for 2022, there is evidence that the “Cadillac Tax” is already causing employers to make changes to their health plans to avoid the tax.

We strongly support H.R. 748 and its repeal of the “Cadillac Tax” because the excise tax worsens and compounds an enormous problem already inherent in the affordability of family coverage, as employers offer more generous coverage to individual workers than to families, including children. According to the Kaiser Family Foundation, “On average, covered workers contribute 18% of the premium (or \$1,186, on average) for single coverage and 29% of the premium (or \$5,547, on average) for family coverage.”³

Consequently, on average, workers contribute 4.68 times more for family plans than individual plans while the average overall premium cost is 2.84 times more expensive (\$19,616 for family plans to \$6,896 for individual plans). Making matters worse, since the “Cadillac Tax” arbitrarily sets the threshold for family plans at 2.69 times the expense of that for individual plans (\$11,200 for single coverage and \$30,150 for family coverage in 2022) and that gap is less than the actual differential in cost, the excise tax would disproportionately hit family plans. In fact, to avoid the tax, employers would have the added incentive to impose higher deductibles and copayments and limit or eliminate certain benefits, including those of critical importance to children with special health care needs.

If families with children are forced to absorb even higher premiums and out-of-pocket costs, they will find themselves increasingly underinsured, unable to find employer health coverage they can actually afford to use. For example, the Kaiser annual health care survey of employers found that 15 percent of covered workers already pay more than 50 percent of the premium for family plans.

¹ First Focus Campaign for Children, “Proactive Kids Agenda,” Dec. 13, 2018.

² Kaiser Family Foundation, “Health Insurance Coverage of Children 0-18,” 2017.

³ Kaiser Family Foundation, “2018 Employer Health Benefits Survey,” Oct. 3, 2018.

Ironically, the Cadillac Tax, which was created with the intent of reducing health care costs and raising tax revenue, would simply shift a growing burden of health care costs to families, cause more people to become uninsured, and increase the burden on publicly financed spending as families are forced to find more affordable health coverage options.

Our nation has made significant strides in cutting the uninsured rate of children by two-thirds since the bipartisan enactment of CHIP in 1997. Now is not the time to backtrack on those gains for our nation's children.

Consequently, we thank you for your introduction of H.R. 748 to help protect the affordability of employer-sponsored family coverage and quality health care for America's children. We urge its prompt consideration and passage.

Sincerely,

A handwritten signature in blue ink that reads "Bruce Lesley".

Bruce Lesley
President