



March 11, 2019

The Honorable Martin Heinrich (NM)  
U.S. Senate  
303 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Mike Rounds (SD)  
U.S. Senate  
502 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senators Heinrich and Rounds:

On behalf of the Partnership for Employer-Sponsored Coverage, we write with our strong support for the *Middle Class Health Benefits Tax Repeal Act* (S. 684), your bipartisan legislation to repeal the 40 percent excise tax on employer-sponsored health coverage and employee benefits under the Affordable Care Act (ACA). We appreciate your continued leadership on this important reform effort which impacts the over 181 million Americans covered through employment-based benefits plans.

The Partnership for Employer-Sponsored Coverage is committed to ensuring that employer-sponsored coverage is strengthened and remains a viable, affordable option for decades to come. Employer-sponsored coverage has been the backbone of our nation's health system for nearly eight decades. Employers have a vested interest in health care quality, value, and system viability.

The 40 percent excise tax, also known as the Cadillac tax, would force employers to cut or limit employee benefits. The tax is a blunt instrument that proponents envision will address the demand side of rising health costs. While dubbed the Cadillac tax because the provision was targeting "high cost" employer-sponsored health coverage, it would impact the vast majority of employee benefits plans.

While we appreciate prior delays of this tax, uncertainty remains in the employer health market as the U.S. Treasury Department begins to develop proposed rules for implementation. Employers make plan decisions well in advance of a coverage year beginning and looming proposed rules have a direct impact on plan decisions that are being made now for the next several coverage years. A full repeal of the Cadillac tax is extremely timely, and S. 684 will bring certainty to millions insured under an employer plan.

Thank you again for introducing S. 684 and your leadership on this important matter. We look forward to continuing to work with you and your colleagues in a bipartisan manner to fully repeal the Cadillac tax once and for all.

Sincerely,

American Hotel & Lodging Association  
American Rental Association  
American Staffing Association  
Associated General Contractors of America  
Auto Care Association  
The Council of Insurance Agents & Brokers  
Food Marketing Institute  
HR Policy Association  
International Franchise Association  
National Association of Health Underwriters  
National Association of Wholesaler-Distributors  
National Restaurant Association  
National Retail Federation  
Retail Industry Leaders Association  
Society of American Florists  
Society for Human Resource Management