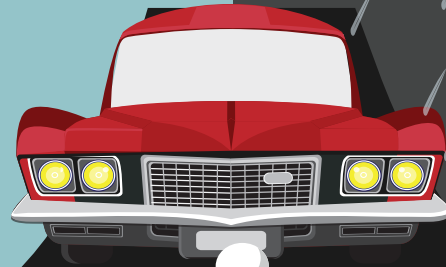


Cadillac Tax

EXPECTATIONS VS. REALITY

What's the Cadillac tax?

Starting in 2020, there will be a 40% tax on health insurance plans that cost more than \$10,800 for individuals and \$29,100 for families.¹



REALITY

EXPECTATIONS

Initially was supposed to affect just **3%** of plans.²

How many plans?

Will hit **47%** of plans by 2022.³ "Over time...virtually every employer will be subject to the Cadillac tax." – Kaiser Family Foundation SVP Larry Levitt⁴

"an excise tax on . . . executives at **Goldman Sachs**" - Senior White House Advisor David Axelrod, 2009.⁵

Who's affected?

The tax will hit a higher percentage of state/local government employers – like **schools** and **police departments** – than finance firms.⁶

Will affect **overly generous**, gold-plated plans.

What type of plans?

In 26 states, the typical plan hit by the tax is equivalent to the **mid-level "Silver"** plans on the ACA's exchanges.⁷

Congressional Budget Office expects that the tax will raise \$91 billion over a decade.⁸

Revenue?

3/4 of that \$91 billion comes from increased income taxes, on the expectation that employers will compensate for cutting benefits by raising wages.⁹

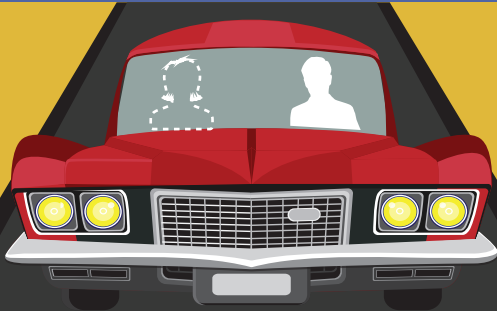
¹ https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51130-Health_Insurance_Premiums_OneCol.pdf
² <http://cqrcengage.com/nahu/cadillactax>
³ United Benefit Advisors 2015 Health Plan Survey
⁴ <http://www.nbcnews.com/business/consumer/obamacare-cadillac-tax-will-lead-employers-cut-fsas-analysis-n415516>

⁵ http://www.nytimes.com/2009/07/27/health/policy/27insure.html?_r=4
⁶ <http://inq.sagepub.com/content/48/4/322.long> 12% vs 9%, pg 328
⁷ United Benefit Advisors 2015 Health Plan Survey
⁸ http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf
⁹ http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf

Cadillac Tax

DESTINATION: FEWER BENEFITS & HIGHER COSTS

EMPLOYERS PLAN TO RAISE COSTS AND REDUCE BENEFITS. ONE IN THREE EMPLOYERS HAS OPTED TO OFFER ONLY HIGH-DEDUCTIBLE PLANS – OR IS CONSIDERING DOING SO.¹⁰



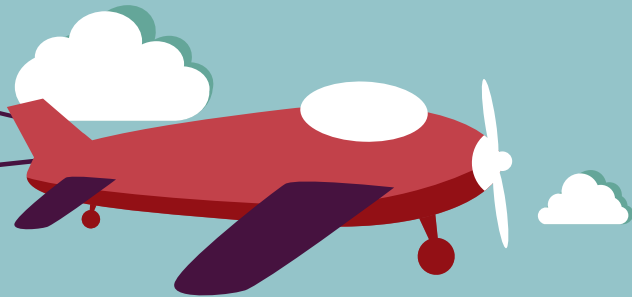
MAJOR EMPLOYERS ARE DROPPING COVERAGE FOR SPOUSES.¹¹



HEALTH REIMBURSEMENT ARRANGEMENTS, HEALTH SAVINGS ACCOUNTS AND FLEXIBLE SPENDING ACCOUNTS – WHICH REDUCE HEALTHCARE SPENDING – "WILL LIKELY BE AMONG THE FIRST BENEFITS CUT."¹²

But even cutting benefits won't help many employers avoid the tax.

74% OF EMPLOYERS WILL BE HIT BY THE TAX BY 2022.¹³



20% OF EMPLOYERS SAY THE CADILLAC TAX WILL BE THEIR SINGLE BIGGEST COST DRIVER.¹⁴



¹⁰<https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>

¹¹<http://www.nbcnews.com/news/other/large-employers-cite-obamacare-cadillac-tax-reducing-benefits-f2D11655467>

¹²<http://www.bna.com/employers-may-cut-b57982058830/>

¹³United Benefit Advisors 2015 Health Plan Survey

¹⁴<https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>