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October 7, 2015

Contact: Alina Czekai
(202) 315-5582
aczekai@americanhealthpolicy.org

New Study Finds Excise Tax is Having Significant Impact on U.S. Employers

*Over 30 Percent of Large Employer Plans Will be Hit by Tax
Study Examines Steps Employers will Take to Minimize Exposure*

Washington, D.C. — Today, the American Health Policy Institute (AHPI) releases “ACA Excise Tax: Cutting Family Budgets, Not Health Care Budgets,” which reports a fresh analysis of employer trends in response to the looming high-cost excise tax. AHPI conducted two new surveys of large employers, in June and September of 2015, to identify how many of the companies surveyed would be impacted by the excise tax and what steps they are planning to take to minimize their exposure to the tax.

Under the Affordable Care Act, in 2018, an excise tax on high-cost health plans, the so-called “Cadillac tax,” takes effect. The paper follows a comprehensive study by AHPI in 2014 which found that the threat of the excise tax to be driving employers to fundamentally reassess their plans and reconsider what their role and approach to providing health care benefits should be in the future.

The new surveys found that the excise tax is already having, and will continue to have a significant impact:

- Almost 90 percent of large employers are taking steps to try to prevent their company from having a plan that triggers the excise tax in 2018;
- Over 30 percent of large employers said they would have at least one plan impacted by the excise tax in 2018;
 - Almost half of the employers that did not have plans hitting the excise tax in 2018 said they would have a plan that would be impacted by 2023; and
- Among employers who are going to reduce the values of their plans as a result of the excise tax, 71 percent of employers said that they probably would not provide a corresponding wage increase; 16 percent said they would raise wages in response to benefit cuts.

Dr. Tevi Troy, President of the American Health Policy Institute, said “As the new surveys show, the excise tax is going to impose real costs on both employees and employers alike, and continues to be an important health policy issue. The real problem with the excise tax, and the reason that it generates so much bipartisan opposition, is due to the impact it has on American workers. Even though the tax has not yet gone into effect, American businesses are already taking steps to avoid hitting Cadillac Tax thresholds, and those actions will be hitting more and more workers over time.”

View the study here:

http://www.americanhealthpolicy.org/Content/documents/resources/AHPI_Excise_Tax_October_2015.pdf

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American Health Policy Institute (AHPI) is a non-partisan 501(c)(3) think tank, established to examine the impact of health policy on large employers, and to explore and propose policies that will help bolster the ability of large employers to provide quality, affordable health care to employees and their dependents. The Affordable Care Act has catalyzed a national debate about the future of health care in the United States, and AHPI serves to provide thought leadership grounded in the practical experience of America's largest employers. To learn more, visit americanhealthpolicy.org.