December 13, 2017

The Honorable Kevin Brady
1011 Longworth House Office Building
Washington, DC 20515-4308

Dear Chairman Brady:

We are very pleased that Members of the Ways and Means Committee have introduced several bills to deliver immediate, targeted relief from the Affordable Care Act (ACA) taxes in 2018, and urge Congress to act on all of these taxes before the end of the year. Of particular significance, we support at least a two-year delay of the Cadillac tax.

The HR Policy Association is the lead organization representing chief human resource officers of more than 375 of the largest employers in the United States. Collectively, their companies provide health care coverage to almost 20 million employees and dependents in the United States and spend more than $110 billion annually on health care benefits and related taxes. About 31 percent of the Association’s member companies will have one or more health care plans that will be subject to the Cadillac tax in 2020.

In 2015, Congress acted to protect Americans from the Cadillac tax by delaying its effective date for two years from 2018 until 2020. Short of fully repealing the tax, Congress should delay it again this year as many employers will begin planning for their 2019 and 2020 health care benefit offerings early next year. Further, without another two-year delay, the Treasury Department has indicated it will soon publish a proposed rule laying out how employers must comply with the Cadillac tax. When the proposed rule is released, plan sponsors will likely move to curb their exposure to the tax in ways that will be negative for employees.

We are also pleased that Members of the Ways and Means Committee have introduced legislation to provide relief from the Health Insurance Tax, the Medical Device Tax, the tax rules related to over-the-counter medications, and the harmful employer mandate. Congressional action on the employer mandate is needed because penalty assessment letters are beginning to be sent out in violation of employers’ procedural due process appeal rights under Section 1411 of the ACA.

HR Policy Association looks forward to working with you to enact ACA tax relief this year.

Sincerely,

D. Mark Wilson
Vice President, Health & Employment Policy