



## ALPA SUPPORTS H.R. 2050 The Middle Class Health Benefits Tax Repeal Act

Access to quality, affordable health care is of paramount importance to ALPA members and, therefore, is a key goal of ALPA in collective bargaining. As such, over the years, ALPA has negotiated agreements with our employers that provide a wide range of quality, affordable health care benefits, all designed to safeguard and advance the health and wellbeing of professional pilots and our families.

- **ALPA opposes the health care excise tax included in the Affordable Care Act.**
- **ALPA supports H.R. 2050 to repeal this unnecessary, onerous tax and urges you to cosponsor the Middle Class Health Benefits Tax Repeal Act.**

Beginning in 2018, a 40 percent excise tax on the cost of employer-based health insurance that exceeds \$10,200 per person and \$27,500 per family goes into effect. The tax needs to be repealed now so businesses can manage their health benefit plans and appropriately plan for the future without disruptions in the healthcare marketplace. ALPA members are experiencing the negative ramifications of the excise tax now as members negotiate collective bargaining agreements. Uncertainty over how the tax will be implemented, as well as shortcomings in the law with regard to adjustments for inflation, age, gender and other factors, are leading our employers to consider a range of options to avoid the tax by **reducing the value of our health care coverage - including increasing employees' deductibles, copays, coinsurance and out-of-pocket limits.**

ALPA members are concerned because a 2014 Aon Hewitt survey indicated that 40 percent of employers expect at least one of their health care plans to be affected by the tax in 2018 and **33 percent are increasing employees' out-of-pocket costs now to avoid the tax.** Further, another 2014 survey produced by Towers Watson confirms **62 percent of large employers are planning substantial changes in their health coverage strategy as a result of the tax.**

The scope of this tax extends well beyond the so-called "Cadillac" plans originally targeted when the policy was adopted. In reality, this tax will have an indiscriminate impact on a broad range of individuals and families, especially those with moderate plans who live in higher cost areas. A 2015 Milliman study reported that nearly 70 percent of variance in health insurance premiums is explained by geographic location, while just six percent of variance is due to the comprehensiveness of the benefits. Since the excise tax is determined solely by premium cost—not the quality or "richness" of a plan's benefits—it will unfairly impact older workers, women, and people who live in areas where health care costs are high, a reality for many airline pilots.

A reduction in quality, affordable healthcare, while producing a short term savings, is likely a long-term financial negative for the U.S. and American employers in the form of increased sick leave and disability costs. The Middle Class Health Benefits Tax Repeal Act addresses this inequality and simply repeals Section 4980I of Chapter 43 of the Internal Revenue Code, the excise tax on high-cost health plans.

**"The excise tax is not a smart reform--it is a flawed, one-size-fits-all penalty that will degrade workers' benefits, lead employers to choose less comprehensive plans, and force families to pay more out-of-pocket health care cost."**

*U.S. Representative Joe Courtney*