



LIUNA!

July 29, 2015

TERRY O'SULLIVAN
General President

U.S. House of Representatives
Washington, DC 20515

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General Secretary-Treasurer

Dear Representative:

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General Counsel

On behalf of the 500,000 members of the Laborers' International Union of North America (LIUNA), I am writing to express our concerns and opposition to the 40 Percent Excise Tax on health care benefits, also known as the *Cadillac Tax*, which is currently in the Affordable Care Act (ACA). While the tax is not slated to begin until 2018, it is impacting workers and employers now. We urge you to take action this Congress on repealing this regressive provision which will undermine not only our health and welfare plans, but thousands of employer sponsored health care plans throughout the country.

There are currently two pieces of legislation, H.R. 2050 and H.R. 879, both of which repeal the 40 Percent Excise Tax on health benefits. We appreciate the efforts of Congressman Courtney and Congressman Guinta, the sponsors of the two bills, and of the more than 170 Members of Congress who have cosponsored these two important pieces of legislation. We urge all Members of Congress who have not yet done so to cosponsor H.R. 2050 and H.R. 879.

The 40 Percent Excise Tax on health benefits is a direct assault on employer sponsored health care. LIUNA supports the idea that all Americans should have access to good, affordable healthcare. While the ACA has helped millions of previously uninsured Americans obtain health care coverage, the implementation of the law is placing undue burdens on millions of hardworking Americans who have health insurance through their place of work. LIUNA and employers of LIUNA members throughout the United States sponsor more than 100 multiemployer, joint labor-management health and welfare trust funds (multiemployer plans), most of which have been in existence for generations.

But for these trust funds, Laborers and their families would not have had health plan coverage over the past decades, and would have been dependent on government programs. In the construction industry, most employers are small and the projects and workforce are transient, so individual employers have little incentive to maintain an employee health plan for Laborers and other trades.

As the law has been implemented, our plans are facing millions of dollars in new costs. Starting in 2018, many of our plans will be subjected to a 40 Percent Excise Tax on

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health benefits. This tax would be imposed on certain employer-sponsored health plan coverage for LIUNA members on any health care benefits provided to them that exceed a determined amount. This tax is a funding mechanism for the ACA with no benefit to our members or our funds. It will force hard working men and women and their families to pay out-of-pocket health care costs and impose millions of dollars in new costs to our plans—money that otherwise would have gone to providing good healthcare to our members and their families.

The burden of this 40 Percent Excise Tax will inevitably require increases in contribution rates for health insurance coverage. Additionally, the ACA undercuts our members' ability to compete for jobs because it continues to enable low-road employers to continue escaping responsibility by shifting their employees' health insurance costs to the taxpayers.

The ACA's 40 Percent Excise Tax on health benefits is a 2015 problem. Many argue that the 2018 implementation date of this tax will give ample time for preparation. Many employers have already begun recalculating and reopening collective bargaining agreements, forcing a reduction in health benefits and increasing income and payroll taxes for millions of hard working individuals and their families, to "better" prepare for this burdensome tax.

H.R. 2050 and H.R. 879 recognize that the 40 Percent Excise Tax irrationally punishes workers and their employers for having health plans, even though the expansion of health plan coverage is supposed to be a core purpose of the ACA. Taxing the working class to finance the ACA defeats its sole purpose of providing affordable health care coverage.

We urge Members of Congress who have not yet done so to cosponsor Rep. Courtney's bill (H.R. 2050) or Representative Guinta's bill (H.R. 879) as soon as possible before the specter of the 40 Percent Excise Tax does any more damage to years of hard and responsibly earned healthcare benefits.

With kind regards, I am

Sincerely yours,



TERRY O'SULLIVAN
General President