

WHAT THEY ARE SAYING – TAXING HEALTH BENEFITS

“THE NEW AMT”

Unions:

- **JOHN SWEENEY – AFL-CIO:** “Outrageously, the plan imposes a 35 percent tax on high-cost health care plans without prohibiting insurers from passing on the tax to consumers who happen to be in groups that are older or sicker than average or live in high cost areas.” (AFL-CIO Statement on Senate Finance Bill, 09/16/09)
- **GERALD MCENTEE – AFSCME:** “The bill...taxes health plans that provide benefits for many middle class families.” (AFSCME Statement on Senate Finance Bill, 09/16/09)
- **ANDY STERN – SEIU:** “...a tax on high cost plans will unfairly burden older workers and workers in high-cost states.” (SEIU Statement on Senate Finance Bill, 09/16/09)
- **ANNIE HILL – CWA:** ““On the funding side, we wouldn’t be able to support (the Baucus) option,” she said during a meeting of the Bipartisan Policy Center last Wednesday (Sept. 9). ‘We have a huge concern about the excise tax that would be put on health care plans. It just seems way too complicated to figure out as ... it depends on the demographics of your workforce, the age of your workforce, the location of where you’re at. What is a Cadillac plan? Who decides that? There’s just too many things. And it doesn’t include the employer mandate which we think is the best way to go. So, [we have] huge concerns on that.’” (Inside Health Policy, Employers, Rockefeller Cite Concerns Over Insurance Excise Tax, 09/16/09)

Business:

- **JAMES A. KLEIN – AMERICAN BENEFITS COUNCIL:** “The Council continues to have concerns with certain key aspects of this measure, such as the complicated and costly excise tax, other fees on health insurers and other stakeholders and the tax on valuable prescription drug coverage for retirees. These costs are all likely to eventually be paid by employers and employees and would therefore make health care less affordable” (ABC Statement on Senate Finance Bill, 09/16/09)
- **STEVE WOJCIK – NBGH:** “If the tax is linked to inflation, fairly quickly, unless costs are under control, a lot of people will be bumped up to threshold amount, Steve Wojcik, vice president of public policy for the National Business Group on Health, said.” (Inside Health Policy, Employers, Rockefeller Cite Concerns Over Insurance Excise Tax, 09/16/09)

- **BRUCE JOSTEN – US CHAMBER:** “This bill creates a new tax on benefits that may well spiral out of control to become the next Alternative Minimum Tax.” (Dow Jones, Democrats Cool Toward Parts of Baucus Health Proposal, 09/17/09)

Think Tanks:

- **THE HERITAGE FOUNDATION:** “It applies a 35 percent excise tax on higher-cost plans, together with a new sales tax on pharmaceutical, health insurers, clinical laboratories and medical device manufacturers. These taxes will be passed through to patients. While self-insured health plans, typically offered by employers and including most union-negotiated plans, will not face the insurer tax, they will still be subject to the higher-cost plan tax.” (Heritage Foundation Statement on Senate Finance Bill, 09/16/09)
- **MICHAEL TANNER – CATO:** “The Baucus plan imposes a 35 percent excise tax on health insurance plans that offer benefits in excess of \$8,000. Insurers would almost certainly pass this tax on to consumers in the form of higher premiums. Roughly half of Americans, mostly middle-class, would be effected. There are also ‘fees’ on prescription drug companies, medical device manufacturers, and clinical laboratories. This is simply a way of hiding taxes, and will result in higher health care costs that will be passed on to consumers.” (The New York Times, “Room for Debate”, Grading the Baucus Health Plan, 09/16/09) <http://roomfordebate.blogs.nytimes.com/2009/09/16/grading-the-baucus-health-plan/?hp>
- **TOM MILLER – AEI:** ““The real game, at the end of the day to simplify it, is they have to pretend that they’re getting some money out of somebody who is not a voter,’ said Tom Miller, a resident fellow at the conservative American Enterprise Institute. ‘Of course we know that will make it more expensive, pass that price right down to the employers,’ Miller said.” (FoxNews.com, Health Care Proposal to Tax Insurers May Affect Blue-Collar Workers, 09/16/09) <http://www.foxnews.com/politics/2009/09/16/health-care-proposal-tax-insurers-affect-blue-collar-workers/>

Elected Officials:

- **SEN. JAY ROCKEFELLER (D-WV):** “The proposal would impose a big tax on virtually every single coal miner in his state because it would affect companies that are self-insured, Rockefeller said, noting that coal miners often get good insurance benefits because they’re doing a dangerous job. The tax is ‘not smart,’ Rockefeller said: ‘It’s a very dangerous idea.’” (Inside Health Policy, Employers, Rockefeller Cite Concerns Over Insurance Excise Tax, 09/16/09)

- **SEN. JOHN KERRY (D-MA):** “We need to make it fairer to working people so that working folks don’t get dragged into this at a level where they just don’t have the incomes to support it.” (AP, Dems unhappy with proposed tax in health care bill, 09/17/09)
- **SEN. CHUCK GRASSLEY (R-IA):** ““The whole goal here is to reduce costs to policyholders. This tax will increase costs.” (The New York Times, New Tax in Senate Health Plan Draws Bipartisan Fire, 09/18/09)
- **SEN. DEBBIE STABENOW (D-MI):** ““There is a misconception...that every high-cost plan is because it has great benefits and is a Cadillac plan,’ said Sen. Debbie Stabenow (D., Mich.). She said some workers who were forced into early retirement and whose premiums are high because they are in older insurance pools could get hit by the tax. Ms. Stabenow said she will press to raise the \$21,000 threshold to \$25,000. ‘It’s incredibly important that this get fixed,’ she said.” (Dow Jones, Democrats Cool Toward Parts of Baucus Health Proposal, 09/17/09)
- **SEN. DICK DURBIN (D-IL):** “He said the tax could be passed through immediately to consumers, or it could become a ‘de facto ceiling on the cost of health insurance...’” (Politico, Live Pulse, Insurance tax draws comparisons to AMT, 09/17/09)
- **SPEAKER NANCY PELOSI (D-CA):** “I think if that is to be the model, we have to see at what cost to the person who is insured.” (The Washington Post, Affordability Is Major Challenge for Reform, 09/18/09)

Media:

- **THE WALL STREET JOURNAL:** “Some \$215 billion is scrounged up by imposing a 35% excise tax on insurance companies for plans valued at more than \$21,000 for families and \$8,000 for individuals. This levy would merely be added to the insurers’ ‘administrative load’ and passed down to all consumers in higher prices.”
- **EZRA KLEIN – THE WASHINGTON POST:** “...this hides a couple of things. First, some plans are very expensive because they're more generous. But some plans are more expensive because they're in wildly expensive markets. New Yorkers, for instance, are going to feel the brunt of this tax a lot more than, well, Montanans will...Second, the plans exposed to the tax cap are going to become progressively less generous over time...Thus, insurance plans will get more expensive faster than the tax cap will rise, and more of them will get hit by the excise tax. That's not going to be popular, but it will raise a lot of money, or barring that, offer an incentive for people to choose lower-cost plans...I have trouble seeing this tax survive in the long run. There seems a substantial chance that it will become like the AMT, and Congress raises it year after year to escape

consumer backlash. As I've argued before, the excise tax is a way to seem like you're taxing insurers rather than taxing health-care benefits, even as the practical effect is the same." (The Washington Post, Ezra Klein, The Baucus Bill: Taxing Insurers, 09/16/09) http://voices.washingtonpost.com/ezra-klein/2009/09/the_baucus_bill_taxing_insurer.html

- **THE NEW YORK TIMES:** "New Tax in Senate Health Plan Draws Bipartisan Fire"
- **ASSOCIATED PRESS:** "Dems unhappy with proposed tax in health care bill"
- **POLITICO:** "Insurance tax draws comparisons to AMT"