



April 13, 2016

The Honorable Tom Price, M.D.  
Chairman  
Committee on the Budget  
U.S. House of Representatives

The Honorable Fred Upton  
Chairman  
Committee on Energy and Commerce  
U.S. House of Representatives

The Honorable John Kline  
Chairman  
Committee on Education and the Workforce  
U.S. House of Representatives

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives

Dear Chairmen Price, Kline, Upton and Brady:

On behalf of the more than 275,000 human resource professionals who are members of the Society for Human Resource Management (SHRM), thank you for your leadership on the health care reform taskforce. As you evaluate health care reform proposals, I urge you to support and strengthen the employer-sponsored health care system.

There are currently over 175 million Americans who receive health care coverage through their employer; this means more than half of all Americans get coverage at work. Employers recognize the importance of offering competitive employee health care benefits to recruit and retain a talented workforce, and to provide employees with tools and services to remain healthy and productive.

Many employers are adopting innovative strategies to improve health benefit offerings to their employees and some are providing tools to help employees be better consumers of health care. These innovative strategies will lead to employees taking an active role in the purchase of their care and, improved health outcomes for employees and their families. They also will eventually lead to lower overall U.S. healthcare costs. HR professionals have a significant opportunity to impact healthy lifestyle choices through employee education – an added benefit of employer-sponsored health care. More can and will be done if Congress reaffirms its support for employer-sponsored coverage and permits employers to have flexibility and continuity in offering valued health coverage to their employees and families.

Because of the strategic use of health care in the workplace, any health care reform legislation must support employer flexibility and innovative strategies and preserve the favorable tax treatment of employer-sponsored coverage. Allowing employers to determine the best health plan model for their organization, based on the needs of their workforce and the organization, is critically important to ensure employee satisfaction and reduce health care spending. If the tax treatment of these benefits is changed, it will negatively impact millions of Americans and their families.

Taxes and burdensome regulations will result in increased out-of-pocket costs for employees, limit employer innovation in health offerings and will ultimately lead to the erosion of the employer-sponsored health care system.

For example, one of the tax policies within the Affordable Care Act (ACA) that is already having an adverse effect on both employers and employees is the anticipated 40 percent excise tax (“Cadillac tax”) on high-value, employer-sponsored health care benefits. The impending tax was initially intended to target excessively generous health plans and applies to benefits exceeding certain thresholds (\$10,200 for individual coverage and \$27,500 for family coverage). However, it is impacting more modest plans, which will negatively impact employees through increased costs, higher copays and deductibles and could even cause some to decline employer-provided health care.

Although the ACA’s excise tax is not scheduled to go into effect until January 2020, HR professionals and their organizations have already begun restructuring their health care benefit offerings or increasing workers’ deductibles and copays to avoid the tax.

SHRM strongly supports and encourages Congress to fully repeal the excise tax.

One strategy Congress should consider to reduce health care costs and preserve American’s access to medical care is medical liability reform. SHRM supports the Help Efficient, Accessible, Low-cost, Timely Healthcare “HEALTH” Act (HR 4771). The HELP Act would strike a balance between protecting patients harmed by medical malpractice and prevent unnecessary and costly litigation that contributes to rising health care costs.

In closing, as you continue to evaluate health care reform proposals, I urge you to preserve the tax treatment of employer-sponsored health benefits. SHRM looks forward to working with you and your colleagues to continue supporting and strengthening employer-provided health care coverage. If you have any questions please do not hesitate to contact me at [Mike.Aitken@shrm.org](mailto:Mike.Aitken@shrm.org) or by telephone at (703) 535-6027.

Sincerely,



Michael P. Aitken  
Vice President, Government Affairs

**CC:** The Honorable Paul Ryan  
The Honorable Kevin McCarthy  
The Honorable Steve Scalise  
U.S. House of Representatives Committee on the Budget  
U.S. House of Representatives Committee on Energy and Commerce  
U.S. House of Representatives Committee on Education and the Workforce  
U.S. House of Representatives Committee on Ways and Means