

July 15, 2019

Speaker Nancy Pelosi
United States House of Representatives

Leader Charles Schumer
United States Senate

Leader Kevin McCarthy
United States House of Representatives

Leader Mitch McConnell
United States Senate

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell,

For over seventy years the Society for Human Resource Management (SHRM) has represented the interests of our nation's Human Resources (HR) professionals. Today, with more than 300,000 members who impact the lives of 115 million employees each day we use our voice to elevate issues squarely at the intersection of work, workers and the workplace. Workplace healthcare is one of those issues.

SHRM believes public policy must strengthen the employer-based health care system, which provides coverage to more than 181 million Americans. As the bedrock of the U.S. health care system, employer-sponsored plans are the largest providers of health insurance (66 percent of the workforce) to individuals in the United States. Therefore, I write to share SHRM's strong support of H.R. 748 and S.684, the Middle Class Health Benefits Tax Repeal Act.

Although not effective until 2022, employers are already restructuring their health care benefit offerings to avoid the tax. According to a new analysis by the Kaiser Family Foundation, the anticipated tax would affect one in five (21%) employers offering health benefits when it takes effect in 2022 unless employers change their health plans.

As 2022 approaches, more employers will have to closely scrutinize their health benefit offerings and make the necessary changes to avoid the tax, which may include reducing benefits and/or altering wellness and chronic care prevention programs. While the excise tax is only intended to target high-value plans, modest plans will also be impacted, meaning millions of Americans and their families could face higher copays and deductibles, causing some to decline employer-provided health care.

The Cadillac Tax must be dealt with well in advance of its proposed implementation date, otherwise employees could see further changes in their benefit options. For these reasons, I urge you to support H.R. 748 when it is considered on the House floor this week and encourage swift action in the Senate.

Sincerely,



Johnny C. Taylor, Jr., SHRM-SCP
President & CEO

CC: Members of the U.S. House of Representatives
Members of the U.S. Senate