

Senators Heinrich and Rounds introduce bill to repeal ‘Cadillac tax’

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WASHINGTON, D.C. - U.S. Senators Martin Heinrich (D-N.M.) and Mike Rounds (R-S.D.) introduced bipartisan legislation March 6 to repeal a provision in the Affordable Care Act (ACA) known as the ‘Cadillac tax,’ which taxes high-cost health insurance plans and impacts middle-class health benefits.

In the 115th Congress, more than 300 members of Congress from both parties cosponsored legislation to repeal the 40 percent tax. Although the tax was originally a provision in the Affordable Care Act, implementation has been delayed numerous times by bipartisan coalitions in Congress, most recently to 2022.

“Eliminating this onerous tax on employees’ health coverage will protect important benefits for

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workers and ensure that businesses and families get a fair deal,” said Heinrich. “I’m proud to join Senator Rounds in leading this bipartisan effort to ensure millions of middle-class families who rely on employer-based health care aren’t unfairly penalized by this tax.”

“The bill we introduced today is a step toward repealing another negative provision of the Affordable Care Act: the Cadillac tax,” said Rounds. “If implemented, the Cadillac tax would impose a 40 percent tax on certain employer-sponsored health care plans. This would dramatically increase the costs of healthcare for South Dakota families. The Cadillac tax is currently scheduled to go into effect in 2022, and unless we’re able to repeal it, millions of middle-class families across the country will be impacted. I look forward to working with the administration and my colleagues in Congress to advance this bipartisan legislation to fully repeal the Cadillac tax.”

Beginning in 2022, the Cadillac tax would impact employers and families whose health insurance plans cost more than \$11,100 for an individual, and \$29,750 for family coverage. The tax could negatively impact 718,000 people in New Mexico and 437,000 in South Dakota, including public employees, service industry workers, and small business owners and retirees.

“AFSCME strongly endorses Sen. Heinrich’s Middle Class Health Benefits Tax Repeal Act to eliminate the harmful 40 percent tax on worker and retiree health benefits because it forces insurers and employers to reduce these health benefits, thereby raising patients’ medical copays, deductibles, and related out-of-pocket health expenses. American workers are suffering an affordability crisis in health care. We can’t think of a worse tax at a worse time,” said American Federation of State, County, and Municipal Employees (AFSCME) New Mexico Council 18 President Casey Padilla.

For more information, contact press@heinrich.senate.gov