

PRESS RELEASE



California Association of
Health Plans

FOR IMMEDIATE RELEASE:

Dec. 23, 2019

CONTACT:

Mary Ellen Grant

(916) 552-2914

mgrant@calhealthplans.org

CAHP APPLAUDS FEDERAL REPEAL OF COSTLY HEALTH INSURANCE TAXES

Sacramento, CA— The California Association of Health Plans (CAHP) today applauded the permanent repeal of burdensome health insurance taxes as a part of the bipartisan budget deal approved by federal lawmakers. The repeal of these taxes means that Californians will pay less for their health care by avoiding skyrocketing health care costs that would have resulted under these taxes, had they taken effect.

The two taxes at issue under the Affordable Care Act (ACA) are the health insurance tax (HIT) and the so-called “Cadillac tax.”

The HIT was an annual tax that all insurers offering fully insured health coverage were required to pay. The HIT represented a \$100 billion sales tax on insurance that increased the cost of health care premiums for individuals, businesses, and taxpayers. In 2018, Congress approved a one-year moratorium on the tax for 2019. This moratorium lapsed in 2020, but federal lawmakers did the right thing and approved the repeal of the HIT in the year-end budget deal, effective 2021.

The Cadillac tax would have been a 40% excise tax on high-cost employer-provided health plans. This tax had been delayed from the original effective date of 2018 to 2022. With the budget deal, the tax has been permanently removed. This tax would have negatively impacted people who receive health care coverage from their employer, hitting the middle class the hardest. The Cadillac tax also would have increased deductibles and other cost sharing for middle income earners, making it more expensive to get medical care.

CAHP President and CEO Charles Bacchi today issued the following statement applauding the action by federal lawmakers to repeal the taxes:

“The action by federal lawmakers to repeal these costly health insurance taxes is welcome news for all Californians,” Bacchi said. “California has made great strides in expanding coverage under the ACA and providing subsidies to more people, while also ensuring affordable health care access to more and more Californians. 93% of the state’s population now has health care coverage, but these taxes jeopardized the gains California has made and threatened health care affordability in our state. Luckily, Congress and the Administration made the right decision.”

#

CAHP is a statewide association representing 46 full-service health plans. Through legislative advocacy, education and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 26 million members they serve. For more information, please visit <http://www.calhealthplans.org> or call (916) 552-2910