

For Immediate Release
March 21, 2024
Contact: [Tara Bradshaw](#)

Alliance opposes GOP proposal to tax health care benefits

The **Alliance to Fight for Health Care** strongly opposes any efforts to tax the health benefits of working Americans and their families. The [Republican Study Committee's FY 2025 Budget Proposal](#), would impose a significant tax increase on individuals and families, including lower income workers, by capping the "exclusion for all spending on health insurance."

The Alliance issued the following statement in response to the proposal:

Polling data conducted by Public Opinion Strategies shows nearly 90% of voters do not want Congress to tax their health coverage. It is deeply concerning that the RSC has proposed to tax the health care of working Americans. An analysis of a previously failed tax credit proposal that is based on commercial salary and benefits data shows that capping the exclusion would create a 90% tax increase for low-income working Americans. We strongly discourage Members of Congress from pursuing this recommendation.

Nearly 180 million Americans receive their health care coverage through an employer. Currently, the cost of that coverage is not treated as taxable income or wages to the employee. In other words, the cost of the coverage is "excluded" from an employee's taxable income. Capping the exclusion directly threatens employer-provided health care coverage.

- Capping the exclusion is a direct tax on employees and their health care.
- Capping the exclusion could:
 - Discourage workers from signing up for health insurance.
 - Discriminate against older, sicker workers, or those in high-cost areas.
 - Lead to higher deductibles, co-pays or limited benefits as employers try to reduce benefits so the plans are not subject to the cap.
 - Discourage employers from offering health insurance.
- Just like the Affordable Care Act's unpopular 40% "Cadillac Tax," which was fully repealed by an overwhelming bipartisan majority in 2019, a tax cap will more negatively impact older workers and those with larger families.
- Capping the exclusion could increase taxes for even more Americans than the unpopular 40% "Cadillac Tax."
- Taxing health care coverage could create a 90% tax hike on working families making \$30k a year.

The **Alliance to Fight for Health Care** is a broad-based coalition comprised of businesses, patient advocates, employer organizations, unions, health care companies, consumer groups and other stakeholders that support employer-provided health coverage. Together, we are working to ensure that employer-provided coverage remains an available and affordable option for working Americans and their families.