

Delay of Obamacare Tax Bill Angers Employer Groups

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- House won't vote on Cadillac tax change
- Employer groups fear GOP will hang onto tax

Employer groups are angry House Republicans didn't include a bill to further delay Obamacare's tax on high-cost employer-sponsored insurance plans on this week's schedule. The GOP decision potentially delays a vote on the measure until late in the year.

The House Rules Committee teed up the bill (H.R. 3798) for a vote earlier this month, but the legislation wasn't on the House's calendar this week, the last time the House is scheduled to meet ahead of the midterm elections. House Ways and Means Chairman Kevin Brady (R-Texas) told reporters the legislation won't likely see a vote until November.

"With Hurricane Florence knocking some days off the calendar I think the time just got the better of the process," Brady said Sept. 25.

Republicans rolled out the measure earlier in September to signal the type of conservative reforms they want to make to Obamacare to lower consumer health costs. Democrats have been hammering their Republican opponents ahead of the midterm elections on health issues, particularly rising costs of health insurance.

However, employer groups that have been pushing to repeal the Affordable Care Act's so-called Cadillac tax on expansive health plans told Bloomberg Law Sept. 26 they wanted a repeal vote ahead of the November election because the House has already approved a measure to repeal the health law's excise tax on medical devices. Employer groups have long pushed to couple the two repeal votes to ensure one industry isn't favored over the other.

The bill would not repeal the Cadillac tax, but it would delay it from 2022 until 2023.

"The alliance is definitely disappointed there won't be a vote before the lame duck," Heather Meade, president of the Alliance to Fight the 40, a broad coalition of employers like AT&T, the Blue Cross Blue Shield Association, and Pfizer that want to repeal the Cadillac tax, told Bloomberg Law.

There's also a fear Republicans may try to keep the Cadillac tax in place to use it as a bargaining chip with employers, one Republican lobbyist who works with employer groups told Bloomberg Law. Some conservatives have pushed to cap the tax exemption of employer-sponsored insurance and offered to repeal the ACA's tax on high-cost plans in exchange.

A House Republican leadership staffer told Bloomberg Law there's ongoing debate over the bill and it could reach the House floor before lawmakers leave. However, it is likely to be delayed until November.

Political Pull

There is also talk that House leaders pulled the bill because they didn't want to force their more vulnerable members to vote on a bill that could be seen as taking away health care before the midterm elections, a health-care lobbyist told Bloomberg Law. A House Democratic aide also told Bloomberg Law that was the reason for the bill not coming up for a vote.

If there wasn't an election coming up, this would get a vote, the health-care lobbyist told Bloomberg Law.

House Republicans have "pulled this latest bill for the moment, but Republicans are clearly planning to resume their attacks on health care in the next Congress," a spokesperson for House Democratic leader Nancy Pelosi (D-Calif.) told Bloomberg Law.

House Republicans denied there was political motivation behind delaying the vote.

The bill's sponsor, Rep. Jackie Walorski (R-Ind.), told Bloomberg Law the House's calendar was full ahead of the pre-midterm break.

"I think it just got jammed," Rep. Phil Roe (R-Tenn.), who serves as head of the GOP Doctors Caucus, told Bloomberg Law.

Bill Details

The Save American Workers Act of 2018 would make several wide-ranging and expensive changes to taxes levied on employers by the ACA.

The bill would replace the current 30-hour-a-week threshold for classifying a full-time employee with a 40-hour threshold; repeal the 10 percent excise tax on indoor tanning services; and impose a moratorium on penalties associated with the ACA's employer mandate retroactively from 2015 through the end of 2018.

The employer mandate is an ACA requirement that employers offer health insurance that is affordable and provides minimum value to 95 percent of full-time employees and their children up to age 26.

The bill would cost the government \$58.5 billion over a 10-year period, according to an estimate released Sept. 11.

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