



Communications Workers of America

**The Union for the  
Information Age**

AFL-CIO, CLC

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## **NEW JCT DATA TELLS DIFFERENT STORY ABOUT SENATE EXCISE TAX THAN WHITE HOUSE BLOG POST**

*New data from Joint Committee on Taxation shows excise tax on health plans would slam the middle class, proves proponents' claims erroneous*

In response to new claims that the excise tax does not raise taxes on middle class families, the Communications Workers of America today released an analysis of new data compiled by the Joint Committee on Taxation (JCT) that debunks this argument, by showing that the so-called "Cadillac tax" in the Senate version of the health care bill would have a disastrous impact on middle-class Americans. The report, which refutes key arguments made by proponents of the tax, details how the effect of the tax on Americans is more widespread and deleterious than its proponents claim.

Today's analysis comes on the heels of claims that the health care bill being considered in the Senate does not raise taxes on families making less than \$250,000, and that the excise tax will affect only a small portion of the very highest cost health plans.

The CWA report tells a different story than a Dec. 16 White House blog posting by Jason Furman, Deputy Director of the National Economic Council.

<http://www.whitehouse.gov/blog/2009/12/16/truth-health-care-reform-and-taxes>

In fact, the new information from the Joint Committee on Taxation cited in the report shows that the tax will:

- Affect 19 percent of workers with employer-sponsored health coverage in 2016;
- Affect nearly 25 million households in 2019, including one-fifth of middle-class households making between \$50,000 and \$75,000;
- Affect about 25 percent of health plans by 2019;
- Cost affected households an additional \$7,500 in taxes on average between 2013 and 2019, or more than \$1,000 a year;
- In 2019, cost affected taxpayers who are millionaires an extra \$2,600 in taxes and those making between \$50,000 to \$75,000 an extra \$1,100 in taxes, but the wealthy taxpayers' income will be at least 13 to 20 times greater; and
- Be a tax increase equal to 0.1 percent of income for those households affected that make more than \$1 million a year and be a tax increase equal to 1.4 percent for those households affected that make \$50,000 to \$75,000.

“This new data demonstrates irrefutably that the excise tax – which will result in reduced coverage and increased costs for our middle class families – is the opposite of reform,” said Larry Cohen, CWA President. “There are other options for funding reform, such as those in the House version of bill, which do not place the burden on middle class Americans. This new data shows that the excise tax is not one of them.”

CWA supports the alternative methods for funding reform included in the House version of the health care bill. They include levying a modest 5.4 percent surtax on the wealthiest Americans – individuals earning more than \$500,000 a year or families earning more than \$1,000,000 a year – or 0.3 percent of U.S. taxpayers would raise \$460 billion over ten years and requiring most employers to provide coverage, or pay a penalty of eight percent of payroll if they do not, would raise \$135 billion over ten years, according to the Congressional Budget Office.

The complete report is available here: [www.healthcarevoices.org/excisetax](http://www.healthcarevoices.org/excisetax)

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