MY BENEFIT ADVISOR

House Proposes Two-Year DELAY of the Cadillac Plan Tax

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The Cadillac Plan tax is a 40% non-deductible excise tax on the value of health insurance coverage that exceeds $10,200 for self-only coverage and $27,500 for coverage other than self-only (e.g., family coverage).

Yesterday, the House introduced bipartisan legislation for a year-end spending and tax package. The legislation includes a **two-year delay of the Cadillac Plan tax**. If enacted in its current form, the tax would go into effect **after December 31, 2019** (and not after December 31, 2017 as currently scheduled). This is welcomed news for employers who are currently looking at mechanisms to mitigate this potential tax burden.

Additionally, the legislation:

- Permits a tax deduction of any Cadillac Plan tax assessment.
- Authorizes a study of the age and gender adjustment benchmarks related to the Cadillac Plan tax.
- Suspends the medical device excise tax for two years and the annual fee on health insurance providers (the Health Insurer Tax) for one year.
- Extends parity between mass transit and parking benefits under Code section 132(f).

The House is expected to vote on the bill Friday. If approved, the bill will be sent to the Senate where it will also need to be approved before it can be presented to the President for signature. While there appears to be some bipartisan support for these changes, it is unclear whether the President will approve such legislation.

We will continue to monitor and update you with the latest information.