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Delay of Cadillac Tax and Health Insurer Fee

Implementation of the tax on high-cost health insurance plans (the Cadillac Tax) will be delayed by two years, from 2020 to 2022, as part of a deal reached yesterday in Congress to fund the government through February 8th. The deal will also delay the medical device tax for two years and the health insurance tax for one year (2019 only), and reauthorize the Children's Health Insurance Program (CHIP) for six years.

Cadillac Tax. The Affordable Care Act (ACA) established the excise tax on employer-sponsored health plans with annual premiums exceeding \$10,800 for individuals or \$29,500 for families (the amount exceeding the threshold is taxed at 40%). Predictions indicate that a large percentage of employer sponsored health plans would trigger the Tax and many employers would not be able to bear the extra cost which could force some to drop coverage altogether for employees. Many in Congress are continuing to work with Congressional allies to see a full repeal of this Tax.

Health Insurer Fee. The health insurer fee is imposed on insurance companies that offer fully insured plans who in turn then pass along the tax to their fully insured group clients by way of higher premiums. The fee does not apply to self-funded plans. The delay means insurers are not required to pay these fees for 2019. The annual fee for health insurers is assessed and paid on a calendar-year basis, using data from the preceding calendar year. Therefore, the delay will apply to the fee that is due in the 2019 calendar year based on 2018 data.

Children's Health Insurance Program. The deal includes renewed funding over six years for CHIP, which lapsed at the end of September. The program provides low-cost health coverage to children in families that earn too much to qualify for Medicaid but who don't have the income to afford private insurance.

Conner Strong & Buckelew will provide alerts and updates as new information is issued on these important topics. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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