



FAST FACTS

Don't Tax Our Health Benefits

“American Health Care Act” Delays 40% “Cadillac Tax” on Health Plans Until 2025

Co-ops Urge Full “Cadillac Tax” Repeal in Final Conference Agreement

Issue. NRECA has worked to ensure that all member cooperatives have access to comprehensive, flexible and affordable health insurance programs for employees and their dependents. Electric cooperatives provide health insurance benefits to over 100,000 employees, retirees and their families. Under the federal Employee Retirement Income Security Act (ERISA), the NRECA Medical Plan is a national plan that allows each member co-op to design a health benefit package tailored to its employees and retirees. Whether an electric co-op provides health insurance through NRECA or from another source, ever-rising health care costs threaten our ability to provide health insurance. We support all efforts to make health care more affordable, so that all electric co-ops can maintain these critical benefits. Reforms must also preserve each electric co-op's ability to tailor its health benefits package as currently allowed under ERISA, and should not be taxed in order to fund other government spending.

Status. NRECA has been a leader for years in supporting full repeal of the Affordable Care Act (Obamacare) “Cadillac Tax” for all electric co-ops. Originally effective in 2013, it was postponed by Congress to 2018, and now 2020. The “American Health Care Act” passed the House 217-213 on May 4, and would delay this tax further until 2025. Bipartisan, bicameral legislation (S. 58 and H.R. 173) introduced in January 2017 by Sens. Dean Heller (R-NV) and Martin Heinrich (D-NM), and Reps. Mike Kelly (R-PA) and Joe Courtney (D-CT) repeals this unfair tax in full.

NRECA Position. We applaud the “American Health Care Act” for not including any new, direct taxes on workers' employer-provided health benefit, and for delaying the “Cadillac Tax” until 2025. **However, we will work with lawmakers to fully repeal this unfair tax in any final Conference Agreement.**

No co-op, whether they get health insurance through NRECA's Medical Plan or from another source, should be penalized for “doing the right thing” for their employees; and our employees should not be penalized for where they work, or where they live. We don't have “Gold-Plated Cadillac Plans” – our employees live in rural communities where limited access makes the cost of that health care disproportionately higher than in urban areas.

NRECA's Medical Plan is a not-for-profit, self-insured/self-administered trust fund that operates “at cost” like our members. It utilizes group purchasing to lower drug costs and PPO provider discounts. Collaboration with our provider networks ensures that our employees can access health care where they live. All assets are used only for member employee benefits, and premiums are priced to meet expenses.

In short, taxing any part of any co-op employee's health care benefits will leave all electric cooperative families with less comprehensive health coverage and/or higher costs. Congress should focus on strengthening the employment-based system that currently covers over 100,000 electric cooperative employees, retirees and their families; not taxing them to pay for others. **Congress and the Administration should fully repeal this unfair “Cadillac Tax” in any final Conference Agreement.**

Chris Stephen, NRECA / 703.907.6026 / chris.stephen@nreca.coop / <http://www.electric.coop>



May 2017