



## MEMORANDUM

TO: All Locals & Joint Councils

FROM: Bret Caldwell, Director of Communications

DATE: January 8, 2010

RE: Huffington Post Op-Ed on the Health Care Bill

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Yesterday, the Huffington Post ran the attached op-ed from General President Hoffa, who calls on Congress to eliminate the proposed tax on health insurance plans from the health care reform bill.

Please post this important message at your hall and distribute to your members.

Thank you.

January 8, 2010

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**James P. Hoffa**

General President, International Brotherhood of Teamsters

Posted: January 7, 2010 04:48 PM

## Congress, Don't Tax Our Health Insurance Plans

The last thing the American middle class needs right now is a big new tax on health insurance plans.

Many working people are now poorer than they were 10 years ago. Middle-class families earned less in inflation-adjusted dollars than they did in 1999. Homeowner wealth dropped by \$11 trillion in the housing bust, and a staggering one-quarter of them owe more on their mortgages than their homes are worth.

But the U.S. Senate wants to further impoverish the American middle class. As many as 30 million working people will pay a massive new tax in the first five years of the Senate health care reform plan.

The House, on the other hand, has the right idea. It pays for health care reform with a small surtax on those who benefited most from changes in our tax code - people who earn more than \$500,000 a year. The House also requires most employers to provide health care for their workers.

We support the House plan because it really does reform health care. It will lower costs, deliver more health care and cover more people. It will level the playing field, taking away the unfair cost advantage enjoyed by employers who don't offer health insurance.

The Senate plan, on the other hand, would punish employers who already provide health care by taxing their health insurance plans. A recent survey found that 87 percent of employers said they will cut benefits if reform increases their costs, and 86 percent said they would pass the additional costs on to workers, according to Towers Perrin.

That isn't cost control. It also isn't fair and it isn't reform.

The Senate's proposed tax has been mischaracterized as a tax on "Cadillac plans." That ignores the very real reasons some health plans are expensive. One big reason is that insurance companies take excessive profit, not that they offer too much care.

Many, many people are in expensive plans because they are old or sick or work in dangerous professions. Plans with more women workers have higher costs. Small businesses often have to pay more.

The tax would apply to one-fifth of all employers in 2013, the first year that health reform takes effect. More and more people would get hit each year after that. The threshold for taxable plans is indexed for inflation, which doesn't rise as fast as health care costs.

Here's an example of how it would work for federal workers covered by the Blue Cross/Blue Shield standard plan. Single people in the plan will immediately pay an average of about \$1,600 more per year for

10 years. Families will get hit in the third year, paying an average of about \$2,000 more per year for 10 years.

By 2022, the Blue Cross/Blue Shield standard family plan will cost \$5,500 in taxes per worker. Single people could pay as much as \$3,500 per worker.

Middle-class families in private and public sector jobs, union and non-union alike, will be hit hard by this tax on health care benefits.

We want to work with the Senate, the House and the administration to achieve real healthcare reform. Adding to the financial burden of middle-class wage earners isn't the way to do it.