

Congress Gives Employers Early Christmas Present, Delays Cadillac Tax Until 2020

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The budget deal approved by Congress last week – and signed by President Obama on Friday – includes a delay of the so-called “Cadillac Tax” until 2020. As we’ve blogged about in the past, the Cadillac Tax is a 40% excise tax on employer-sponsored health plans with value exceeding \$10,200 (for individual coverage) and \$27,500 (for family coverage). Employers have been busy making preparations to avoid or minimize the tax beginning, including negotiating Cadillac Tax provisions into their collectively bargained agreements.

Although some experts believe the delay indicates that a full repeal is on the way, employers have little choice but to continue to prepare for the tax. Still, the delay provides welcome breathing room to employers who are just getting their arms around Affordable Care Act reporting. Employers may be able to hold off on their most aggressive changes for the time being. The Cadillac Tax preparations that employers have been making may help them control ever-rising health care costs, regardless of the status of the tax. Ultimately, the tax’s fate will be left to the next President and Congress.

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Author

[Erin Haldorson Weber](#)

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Erin Haldorson Weber

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