



Cadillac Tax on “Buick” Health Plans

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The deceptively named health care law, the Affordable Care Act, raised the average individual-market insurance premium by **41 percent** last year, according to an analysis by the Manhattan Institute. Unfortunately, the cost of health insurance is only expected to climb higher—partially because in 2018 the new health care law will implement another tax, the so-called “Cadillac Tax.”

This part of the new law will place a 40 percent excise tax on health plans that cost more than \$10,200 for an individual or \$27,500 for families. This may seem like only a tax on the wealthy, but rising health care costs means this added tax will affect more and more health plans every year.

When the Cadillac Tax starts it will affect roughly **10 percent** of plans, but jump to an astonishing **30 percent** in the next 10 years. By 2031, this heavy tax will hit the **average family plan**—making quality health care too expensive for yet more Americans.

The goal of the tax was to reduce excess health care spending and help pay for the Affordable Care Act. But **\$120 billion** worth of new taxes in the first six years is hurting both families and businesses.

The negative consequences are so clear that unions, businesses, and insurers (three groups that don't always get along) are all strongly opposed to the ACA's Cadillac Tax.

The Affordable Care Act was supposed to make health care more affordable, but the taxes and regulations it added to health care are passed on to individuals in the form of higher premiums making insurance more expensive for many Americans.

To rein in these runaway health care costs we have to decrease—not increase—the role of government in health care. Because when private sector health care providers are free to compete for our business, prices automatically decrease. Look at other sectors of the economy with less government intervention for proof.