

THE EXCISE TAX: HOW IT WORKS

Q: What is the excise tax?

A: Supporters portray it as a way to cut health care costs by taxing gold-plated, extravagant “Cadillac” health care plans that offer spa treatments, cover elective cosmetic surgery and other luxury care.

Q: Do we have so-called “Cadillac Plans”?

A: Our members enjoy some of the best healthcare coverage in the industry, but it should not be considered a “Cadillac Plan.” Our plans cost more than average because of many reasons such as: many of our plans pay significantly for their retiree costs, we bank hours for when we are unemployed, we work in a high-risk industry with many older members who draw upon the benefits. In short, we use our health insurance more so it costs more for the reasons stated above.

Q: When does it take effect?

A: For organizations such as ours with multi-employer plans, the tax does not take effect until January 1, 2018.

Q: At what amount does the tax take effect?

A: Because our occupations are classified as a high-risk industry, our plans have a higher tax threshold than the general public. We would not be taxed unless our threshold was above \$27,000 per year beginning in 2018. The cost of vision and dental plans is excluded from this amount (estimated \$1,500-\$2,000 per year).

Q: Do I personally get taxed if my plan is above the threshold?

A: No. If your plan is above the threshold beginning in 2018, the *insurance company* will pay a 40% tax only on the amount above the threshold – not the entire cost. For example, if a plan costs \$27,500, the insurance company would only be taxed on the \$500 that is above the threshold.

Q: How much is my plan currently?

A: It is best to speak to your plant administrator, but in a recent survey the United Association found that most of our plans were around \$12,000- \$16,000.00 per year – well below the 2018 threshold of \$27,000.

Q: Is there a difference between single and family coverage?

A: No, under multi-employer plans all plans are treated the same. Threshold is 27,000. The cost of vision and dental plans is excluded from this amount (estimated \$1,500-\$2,000 per year).

Q: Can our plan enter the state/national healthcare exchange once negotiated?

A: Yes. Starting in 2017, collective bargaining agreements at all levels will be able to participate in the state/national exchange. They are still negotiating whether it will be a state exchange or a national exchange. We prefer a national exchange.