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On the Cadillac tax delay

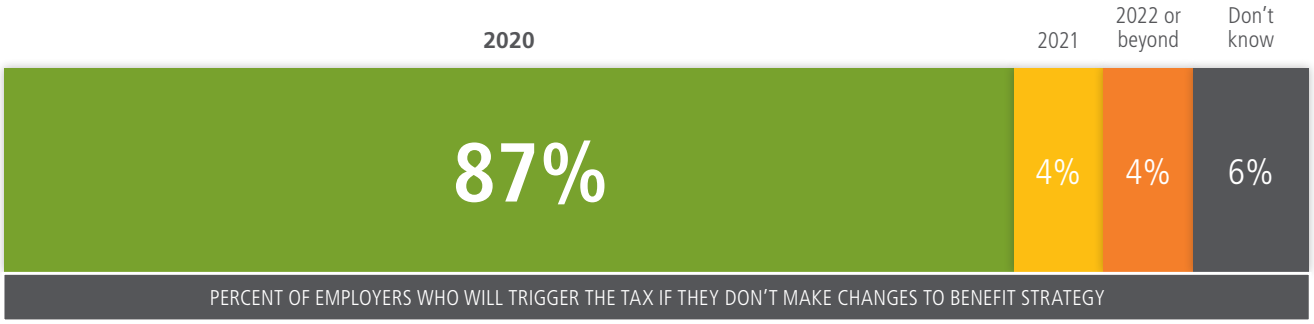
RESOURCE CENTER FOR HEALTH & WELL-BEING

Cadillac tax delay: An opportunity for employers to refocus

Congress delays the tax

At year-end 2015, Congress postponed implementation of a 40 percent excise tax on high-cost employer-sponsored health plans, also known as the "Cadillac tax," for two years, from 2018 to 2020. The delay brings relief to employers who now have additional time to control health care costs and improve employee well-being.

According to the Optum/NBGH Cadillac Tax Survey of employers, a delay in the tax to 2020 simply means more employers and health plans will be impacted once it takes effect.



Employees bear the burden

Regardless of when the Cadillac tax takes effect, employees will be directly affected. The bulk of employers **(80%)** said that employees would need to contribute to the tax payment. And **nearly half** of large employers say they will reduce the richness of their plans if they are subject to the tax. Employee engagement, recruitment and retention efforts will be top of mind in a post-Cadillac tax environment. Employers may want to consider refocusing on employee well-being strategies.

The Optum/NBGH Cadillac Tax Survey

- Survey conducted between Oct. 16 and Nov. 2, 2015
- Sample: 200 respondents (131 large employers; 69 jumbo employers)
- Respondents are decisionmakers regarding health benefits and wellness programs
- Respondents are somewhat familiar with Cadillac tax and anticipate an impact for the company

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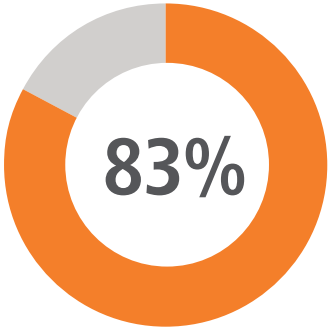
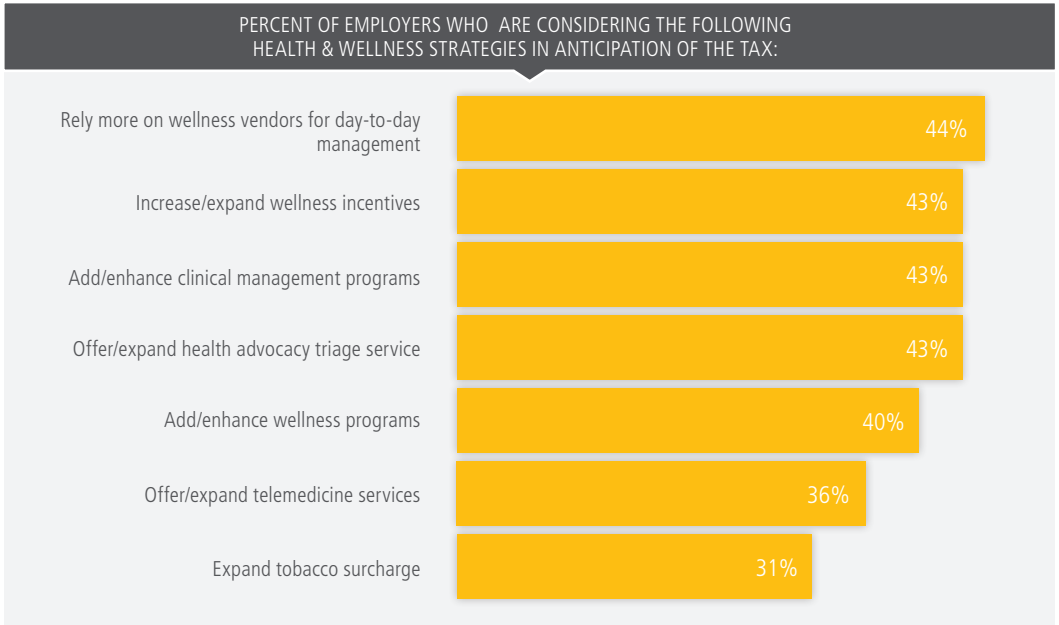
Expanding health and wellness initiatives

The two-year moratorium gives employers more time to find ways to reduce their exposure to the tax. However, tax or no tax, employers still have to contain medical costs. Employers are already reducing their short term exposure to the tax — increasing deductibles, premiums and copays. But the delay also gives employers more breathing room to consider longer-term cost containment initiatives such as health and wellness programs.



of large employers will continue or expand their health and wellness offerings*

According to the Optum/NBGH Cadillac Tax Survey of employers, employers are considering the following health and wellness strategies in anticipation of the tax:



The bottom line

Employers and employees alike will continue to feel the pressure of rising health care costs, regardless of when or how the Cadillac tax is implemented.

Call to action

- Focus on solutions that will help employees become smarter health care consumers
- Continue to invest in employee well-being
- Partner with a trusted vendor to prepare for the Cadillac tax in 2020

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*Optum/NBGH Cadillac Tax Survey of employers, 2014

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