

TEAMSTERS OPPOSE SENATE PLAN TO TAX HEALTH INSURANCE PLANS

December 10, 2009

The Teamsters on Thursday announced their support for Sen. Bernie Sanders' (I-Vt.) amendment to eliminate the proposed excise tax on insurance plans from the Senate health care reform proposal.

The 40 percent tax would be levied on family plans worth more than \$23,000 and individual plans worth more than \$8,500, starting in 2013. As those thresholds rise with inflation, more and more plans would be subject to the tax.

"Millions of working Americans will pay thousands of dollars more in taxes under the Senate's proposal to finance health reform," said Teamsters General President Jim Hoffa. "Millions more will have their health benefits cut, even if they don't belong to a union."

Nearly two-thirds of employers would cut health benefits rather than pay the excise tax, according to a recent study by Mercer Consulting. Another 23 percent would pass the cost of the tax on to employees. Seven percent would simply terminate their plans.

"The idea that this tax will curtail rising premiums is just dead wrong," Hoffa said. "We much prefer the House plan, which would require the wealthiest Americans to pay back part of the tax cuts they have been given over the past decade."

Many plans are expensive because they cover workers in dangerous occupations, because they are in regions where insurers have near-monopoly power, or because they cover a group that's older than the general population.

Gary Willett, a member of Teamsters Local 730, spoke against the tax at a news conference with Sen. Sanders.

"The last thing middle-class working families need is to pay more taxes," said Willett, who works in a Giant Food warehouse in Jessup, Md.

"I'm working 50-60 hours a week of hard, physical labor, loading trucks in a warehouse. I'm paying income tax on 50-60 hour weeks.

"When we negotiated our contract with Giant Food, we gave up part of a wage increase to maintain our health benefits at the same level.

"My plan isn't a Cadillac plan. I pay 20 percent of major medical charges and I have an annual deductible of \$200. If this tax goes into effect, the cost of my plan will exceed the threshold in 2017. I expect my employer will pass that tax on to me or my benefits will be cut. That means I will either be paying \$230 more in that first year than I'm already paying or my benefits will be reduced.

"I urge the Senate to tax those who can afford a Cadillac, not hard-working middle-class families."

Founded in 1903, the International Brotherhood of Teamsters represents 1.4 million hard-working men and women in the United States, Canada and Puerto Rico.