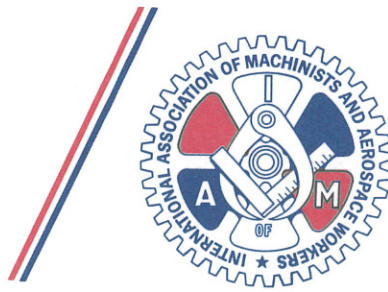


**International  
Association of  
Machinists and  
Aerospace Workers**



9000 Machinists Place  
Upper Marlboro, Maryland 20772-2687

Area Code 301  
967-4500



OFFICE OF THE INTERNATIONAL PRESIDENT

April 20, 2015

Dear Representative,

On behalf of more than 700,000 active and retired members, the International Association of Machinists and Aerospace Workers (IAM) urges you to co-sponsor Representative Joe Courtney's (CT-2) proposed legislation repealing the "40 Percent Excise Tax" on employer-based health insurance.

The excise tax scheduled to go into effect in 2018 will be imposed on plans that exceed certain coverage amounts. Plans that exceed individual coverage costs of more than \$10,200 and family coverage costs of more than \$27,500 will be affected by this 40 percent tax. As a result, to avoid paying the tax, many employers have threatened to or have already lowered the value of the health coverage they offer. Some employers have already increased out-of-pocket limits, co-pays, and deductibles to also pay for the tax.

The IAM is beginning to see changes at the bargaining table. Employers are no longer willing to offer the same health coverage as in the past because they fear the cost of the 40 percent excise tax. According to an AON study conducted last year, 88% of employers surveyed support abolishing this tax because so many of their plans will be affected.

It is also a myth to believe that employers lowering the health coverage plans will increase wages to make up the difference to workers. According to our negotiators, lowering the quality of healthcare plans has not resulted in better benefits and higher pay.

The National Education Association commissioned a report by the actuarial firm Milliman this year and found the excise tax disproportionately affects women, older employees and workers in high-cost insurance markets. The belief that high-cost medical insurance plans offer over generous health benefits just because workers pay a higher premium is a myth. Factors that contribute to these high premiums simply have to do with a person's age, sex and where they live.

Working class families would like to see their health care plan costs reduced, not increased, and the excise tax will either reduce the quality of their plans or increase the amount individuals or families will have to pay to keep their current health coverage.

The IAM fully supports Rep. Courtney's bill to repeal the excise tax and urges you to consider not only supporting it, but becoming a co-sponsor on the bill. To co-sponsor the legislation please contact Neil McKiernan, Mr. Courtney's Legislative Director at 5-2076 or [neil.mckiernan@mail.house.gov](mailto:neil.mckiernan@mail.house.gov).

If you have any questions, please contact Legislative Director Hasan Solomon at 301-967-4575.

Sincerely,

R. Thomas Buffenberger  
International President