LiUNA!

Feel the Power

The Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act (ObamaCare) imposes dramatically higher costs on the "Taft-Hartley" multiemployer health and welfare trust funds that provide millions of union workers, dependents and retirees responsible comprehensive health care coverage. These benefits have been gained over the years through collective bargaining and are pools of workers' money contributed in place of wages.

During consideration of the law it was clear that the unique nature of the multi-employer plans was poorly understood. However, we were assured that our plans would not be adversely affected by the law and that as the law was implemented the issues unique to our universe would be addressed. Unfortunately, as the implementation of the law progressed the Administration's decisions have compounded the problem.

The ACA imposes substantially higher costs on multi-employer funds and union members, while enabling non-union employers to continue escaping responsibility and shift their employees' health insurance costs to the taxpayers. The temporary reinsurance tax alone will cost every health and welfare fund $63 per covered life, and in total $45 million in 2014 alone. The proceeds of this tax will be used to subsidize insurance companies offering health plans in the health exchanges. In effect, ACA takes money from the pocket of each worker and family member covered by a health and welfare fund and gives it to for-profit insurance companies. **The worker gets nothing in return.**

Additionally, the law allows low-road employers to avoid any cost for their employee health insurance, giving them a grossly unfair competitive edge. There is a "free rider penalty", but even that small amount applies only to "large employers" (employers with more than 50 em-

Transitional Reinsurance Tax Facts

The Administration has misinterpreted the ACA as applying the Transitional Reinsurance tax to multiemployer health and welfare funds even though they are self-funded, non-profit, non-commercial trusts.

- **This tax will impose $63 per covered life effective for 2014. An additional tax will be due in 2015 and 2016.**
- **This will cost health and welfare funds collectively about $1.3 billion in 2014 alone.**
- **It will cost LIUNA more than $40 million.**
- **In effect the tax takes money out of the pockets of union workers and gives it to insurance companies**
- **LIUNA supports H.R. 3489, a bill introduced by Representatives Tiberi (R-OH) and Lipinski (D-IL) that would repeal the ACA's reinsurance fee, often known as the "belly button tax." We urge Members of Congress to cosponsor the legislation.**

ployees) and can be easily evaded by any employer if they are even covered. In other words, non-union employees get Government-subsidized health insurance coverage, and union members get to pay for their own coverage through collectively bargained contributions to health and welfare funds.

The ACA's costs will inevitably require increases in collectively bargained contribution rates for health insurance coverage. This puts more pressure on the total wage package for members. In a competitive environment, higher labor costs generally means fewer jobs.

Also, starting in 2018, many of our plans will be subjected to a 40% excise tax, also known as the Cadillac Tax, which similar to the transitional reinsurance tax, is imposed as a funding mechanism for the ACA with no benefit to our members or our funds. Specifically, this tax would be imposed to the extent that the aggregate "cost" of all employer-sponsored health plan coverage for covered individuals exceeds an excess benefit threshold. Costs above the threshold ($11,850 for single coverage; and $30,950 for family coverage) would trigger the 40% excise tax.

At what point will responsible behavior be rewarded?

For many workers, their employers, and their health and welfare funds, the PPACA is proving to be a destructive force, many of the more than 20 million workers, retires, and their families now face the very real prospect of losing their health benefits: Something that they were promised would not happen.

Some of these problems can be mitigated immediately through regulatory decisions that are within the authority of the Administration and do not require enabling legislation. However, while the Administration has now provided multiple extensions for business, they have failed to address the concerns of workers. Unfortunately, the two rules that the Administration has proposed for multi-employer health funds thus far are not helpful.