

2015 HR & Benefits Compliance Alert



Senate Votes to Approve Bill Delaying Cadillac Tax

On Friday, December 18, the Senate voted to approve the Protecting Americans From Tax Hikes Act of 2015, which delays for two years the Affordable Care Act's (ACA) excise tax on high cost employer-sponsored health coverage (the "Cadillac tax"). The bill also places a two-year moratorium on the ACA's medical device tax and a one-year moratorium on the ACA's annual fee on health insurers. The President plans to sign the legislation later Friday.

Cadillac Tax

Although the Obama administration seemingly opposes a delay of the Cadillac tax, the tax bill includes a two-year delay of its 2018 effective date to tax years beginning after December 31, 2019. The bill also makes payment of the tax deductible by businesses.

Medical Device Tax

The tax bill will place a two-year moratorium on the ACA's 2.3% tax on the sale of medical devices. The tax imposed under this provision will not apply to sales during the period beginning on January 1, 2016, and ending on December 31, 2017. This applies to sales after December 31, 2015.

Health Insurance Industry Tax

The tax bill places a one-year moratorium on the so-called HIT tax (Health Insurance Industry Tax). If passed, the industry tax will not apply for calendar year 2017, which should result in less of an increase to group health insurance premiums for 2017.

About the Authors:

This alert was prepared for ProSentia Group, LLC, by Peter Marathas and Stacy Barrow. Mr. Marathas and Mr. Barrow are nationally recognized experts on the Affordable Care Act. Their firm, Marathas Barrow & Weatherhead LLP, is a premier employee benefits, executive compensation and employment law firm. They can be reached at pmarathas@marbarlaw.com or sbarrow@marbarlaw.com.

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