Lockton Health Reform Advisory Practice

BUSINESSES OVERWHELMINGLY OPPOSE TAXING HEALTHCARE BENEFITS

As efforts to repeal and replace the Affordable Care Act (ACA) move through Congress, a new Lockton survey shows businesses are against any policy that would tax workers, their families and employers on a portion of health plan premiums. Survey results include responses by 807 Lockton employer clients across the United States.

92% are **against taxing** employees and employers on health insurance premiums

76% would **definitely reduce or consider reducing benefits** to avoid triggering new taxes on health benefits

88% would **avoid increasing benefits** if it meant triggering a tax

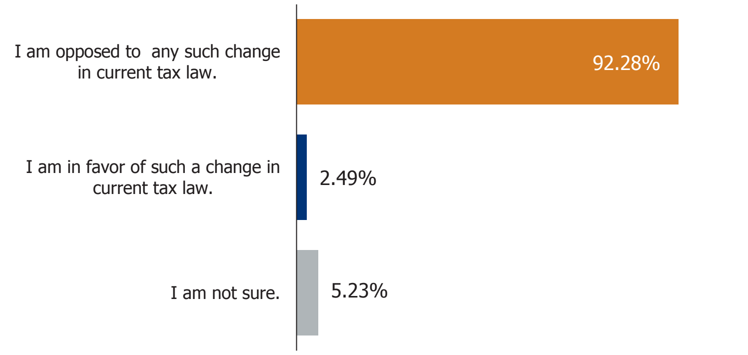
only **6%** would **increase wages** to make up for a reduction in benefits

> With healthcare costs steadily rising, this survey indicates that taxing employer-provided benefits would cause millions of American workers and their families to take it on the chin.
>
> Bob Reiff, President of Lockton Benefit Group

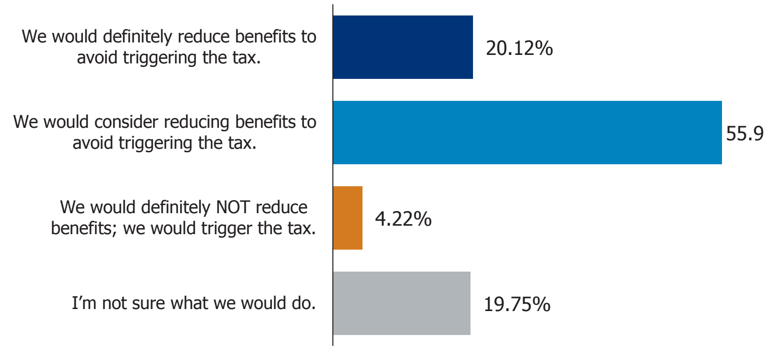
See page 2 for complete survey results.

Lockton is the world's largest privately held insurance broker and has been monitoring changing healthcare policy on behalf of its employer clients and their employees.

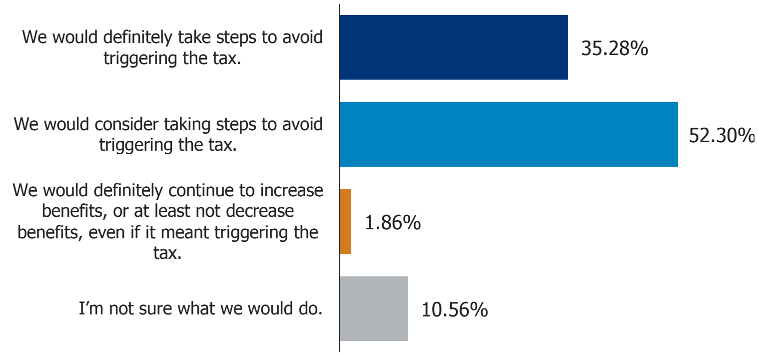
Under current tax law, employees and retirees do not pay income or payroll tax on the value of the health insurance provided by their employers, and employers do not pay payroll taxes on these values. Some members of Congress want to change that. How do you feel about a change in federal tax laws that would cause employees, retirees and employers to pay additional income and payroll taxes on a portion of the value of their employer-provided health coverage?



If Congress changes federal tax law to impose income and payroll taxes on employees/retirees (and payroll taxes on employers) on the portion of health plan values that exceed a cap, and if your company's health plan values would exceed the cap, how likely is it that your company would consider reducing benefits (e.g. eliminating covered benefits or increasing deductibles and other cost-sharing) to avoid triggering the additional taxes?



If Congress changes federal tax law as described above, but your health plan values are not yet at a point where they would exceed the cap, how likely is your company to take steps to ensure your health plan values do not exceed the cap (these steps might include decreasing benefits to offset cost increases under the plan, or might involve simply not increasing benefits)?



If your company decided to reduce health plan benefits to avoid triggering the tax (or decided not to increase health plan benefits to avoid triggering the tax), how likely is your company to give employees additional cash compensation (wages) to make up for the reduction in benefits (or make up for the decision not to increase health plan benefits)?