



NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

Representing America's Finest

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June 15, 2017

The Honorable Orrin Hatch
Chair

Committee on Finance

United States Senate

Washington, D.C. 20510

Dear Chairman Hatch:

On behalf of the National Association of Police Organizations (NAPO), I am writing to you to express our opposition to the American Health Care Act as it passed the House of Representatives, specifically Section 07: Repeal of Tax on Employee Health Insurance Premiums and Health Plan Benefits, under Subtitle— Repeal and Replace of Health Related Tax Policy. NAPO cannot support legislation that keeps in place the 40 percent excise (“Cadillac”) tax on employer-sponsored health plans.

NAPO is a coalition of police units and associations from across the United States that serves to advance the interests of America’s law enforcement through legislative and legal advocacy, political action, and education. Founded in 1978, NAPO now represents more than 1,000 police units and associations, 241,000 sworn law enforcement officers, and more than 100,000 citizens who share a common dedication to fair and effective crime control and law enforcement.

Although the Affordable Care Act sets higher thresholds for the excise tax for workers in high risk professions, such as public safety officers (\$11,850 for an individual and \$30,950 for a family), to qualify for the higher threshold amounts, the majority of members in the healthcare plan must work in high risk professions. **Many public safety officers would not qualify for the higher threshold amounts, as they participate in general healthcare plans where the majority of participants do not work in high risk professions.**

The higher thresholds set for public safety officers thus will not adequately protect officers from the tax burden, as thousands of officers participate in plans that include a majority of employees who do not work in high risk professions.

Further, according to the American Health Police Institute, the excise tax thresholds, which increase over time for inflation only as measured by the Consumer Price Index and not historically higher medical cost inflation, will impact “average plan[s]” by 2031. The higher thresholds for individuals engaged in high-risk professions will not protect our plans from being affected.

A October 2015 American Health Policy Institute report¹ that found that almost 90% of large employers, including state, county and city governments, are already taking steps to no longer offer health plans that would trigger the tax. The report also found that:

- More than 30% of large employers said that they would have at least one plan impacted by the tax and almost half of employers who would not have plan impacted by 2018 said they would have a plan impacted by 2023.
- About 19% of employers were already curtailing or eliminating employee contributions to flexible spending accounts, and 13% were doing the same to health savings accounts.
- 71% of employers planning to reduce their plan values said they most likely would not provide a corresponding wage increase.

Delaying the excise tax until 2025 will not provide relief to the public safety officers who will be negatively impacted by the tax whether it goes into effect in 2020 or 2025. The excise tax is not just a tax on health plans; it is a loss of earned wages and benefits. Therefore, NAPO urges the Committee to amend the American Health Care Act to repeal the 40 percent excise tax on employer-sponsored health plans.

Thank you for your consideration. Please feel free to contact me at: (703) 549-0775.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Johnson', with a long horizontal line extending to the right.

William J. Johnson, CAE
Executive Director

¹ “ACA Excise Tax: Cutting Family Budgets, Not Health Care Budgets,” Tevi D. Jones and D. Mark Wilson, October 2015. American Health Policy Institute.
http://www.americanhealthpolicy.org/Content/documents/resources/AHPI_Excise_Tax_October_2015.pdf