

June 9, 2009

Dear Representative:

As you begin the important debate on reforming our nation's health care system, we wish to express our strong opposition to any proposal that would pay for this reform by altering the tax treatment of employer provided health care. We believe this would be a step in the wrong direction that could jeopardize the overall reform effort.

Over 160 million Americans receive their health coverage through the workplace either as an employee, dependant or retiree. Both Congress and the President have said health care reform will build on what works and have assured Americans they can keep the coverage they have if they like it. This makes good political and policy sense.

Eliminating or capping the tax exclusion for employer provided health care benefits -- based on income, the premium level or a combination of the two -- would threaten to undermine this primary source of health care coverage for most Americans. First, it would remove a key incentive that employers have in providing the benefit. This could lead employers either to change substantially or eliminate health care plans. Second, if workers have to pay what amounts to a tax increase at possibly both the federal and state level, that could lead younger, healthier workers to pass up employer sponsored coverage for less comprehensive plans. This would drive up the cost of coverage for older, less healthy workers, leading to the unraveling of employer sponsored coverage.

Contrary to the arguments put forward by proponents of proposals to eliminate or cap the tax exclusion for employer provided health care benefits, this would not be an effective means for containing health care utilization and costs and curbing so-called "Cadillac" health care plans. Instead, it would simply penalize persons who happen to be in plans that have higher costs because of factors beyond their control -- that is, plans with more older workers, plans covering geographic areas with higher costs or plans sponsored by small businesses that have higher administrative costs.

Over the last several years, almost all of our members have sacrificed wages in bargaining in order to keep decent health care coverage. These hard working people are already in immense economic distress. Imposing what amounts to a tax increase upon them is unfair and very unpopular.

In 2009, a national survey done by Lake Research Partners shows that 80 percent of likely voters said they are opposed to taxing health benefits. The President campaigned against eliminating the tax exclusion of health care benefits and the public overwhelmingly agreed with his position. It's obvious the American people want health care costs lowered, not increased. They expect the Congress to make coverage more affordable, not less. Any result to the contrary may undermine their support for the program.

For all of the foregoing reasons, we urge you to oppose any proposals to alter the tax treatment of employer provided health care.

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| Air Line Pilots Association   | International Brotherhood of Teamsters                           |
| Amalgamated Transit Union   | International Federation of Professional and Technical Engineers |
| American Federation of Government Employees   | International Longshore and Warehouse Union                      |
| American Federation of Musicians of the United States and Canada                                  | International Longshoremen's Association                         |
| American Federation of Teachers   | International Union of Police Associations                       |
| American Postal Workers Union   | International Union, UAW   |
| Association of Flight Attendants  | Metal Trades Department, AFL-CIO                                 |
| Association of Professional Flight Attendants   | National Air Traffic Controllers Association                     |
| Bakery, Confectionery, Tobacco Workers and Grain Millers International Union                      | National Association of Letter Carriers                          |
| Brotherhood of Maintenance of Way Employee Division of the International Brotherhood of Teamsters | National Treasury Employees Union                                |
| Brotherhood of Railroad Signalmen   | Professional Aviation Safety Specialists                         |
| Communications Workers of America   | Seafarers International Union                                    |
| International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers          | Sheet Metal Workers International Association                    |
| International Association of Fire Fighters  | Transport Workers Union of America                               |
| International Association of Machinists and Aerospace Workers                                     | Transportation Communications Union/IAM                          |
| International Brotherhood of Electrical Workers   | United Association of Plumbers and Pipefitters                   |
|   | United Mine Workers of America                                   |
|   | United Steel Workers   |
|   | United Transportation Union                                      |