

ALERTS

Cadillac Tax Officially Delayed to 2020

December 21, 2015

Late last week, President Barack Obama signed a year-end spending package that includes a two-year delay of the “Cadillac Tax,” which was originally set to take effect Jan. 1, 2018, to Jan. 1, 2020. Once the tax is effective, certain high-cost, or “Cadillac,” health plans will be assessed a 40-percent non-deductible excise tax on the value of health coverage that exceeds \$10,200 for self-only coverage and \$27,500 for other-than-self-only coverage, indexed for inflation. In addition, any coverage provided under a multiemployer plan is treated as other-than-self-only coverage. As a result, pending future guidance, multiemployer plans need to measure the cost of coverage only as compared to the higher dollar threshold when determining whether they will be subject to the Cadillac Tax in 2020.

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