AFL-CIO

LEGISLATIVE ALERT

September 12, 2018

Dear Representative:

On behalf of the AFL-CIO, I urge you to oppose the Save American Workers Act (H.R. 3798). Far from "saving American workers," this bill pairs temporary but real relief for one segment of workers with cuts in employers' minimum obligations to their employees, threatening health coverage for millions.

The AFL-CIO opposes the mis-named "Cadillac" tax on health benefits. The purpose of this misguided tax was to compel cuts in health coverage and increases in out-of-pocket expenses so workers would use fewer medical services. As deductibles, copays and coinsurance skyrocket, however, the tax compounds a growing affordability problem for workers. Its repeal is long overdue, and we do not oppose its suspension.

However, H.R. 3798 cynically combines temporary relief from this tax with three cuts to the already limited employer obligation to contribute toward their employees' health coverage. First, the bill places a temporary moratorium on any employer shared responsibility until 2019. Second, it permanently excludes millions of workers from any requirement that an employer contribute toward their coverage. It does this by restricting an employer's obligation only to employees who work 40 or more hours per week on average, compared to 30 or more hours per week under current law. Third, it permanently exempts more employers from having to contribute toward any employee coverage regardless of how many hours per week any individual works. According to the Congressional Budget Office (CBO), trimming employers' obligations to workers does provide a $35.7 billion tax windfall to corporations, which appears to be the main point of these provisions.

Employer shared responsibility is a central element of the Affordable Care Act's (ACA's) coverage expansion. The ACA was designed to build upon employment-based coverage, with employers expected to maintain their role in providing insurance. The shared responsibility provisions were also intended to check employers' incentive to stop paying for their workers' coverage and shift this cost to the government when employees then pick up marketplace coverage, paid for in part by premium tax credits and cost-sharing reduction subsidies. Weakening this obligation, as this bill does, will result in workers losing health coverage they get on the job.

In addition, changing the definition of full-time work from 30 hours a week to 40 would exacerbate the very problem that the legislation's proponents claim they would fix. The bill's supporters contend that employers are reducing workers' weekly hours below 30 to avoid providing coverage (and certainly some have done so). However, as analyses from the UC Berkeley Center for Labor Research and Education and the Center for Budget and Policy

Priorities have shown, a far greater number of workers are at risk of having their hours cut if the threshold for employer responsibility is moved to 40 hours. This provision also results in $8.8 billion in extra costs for the federal government as ACA marketplace subsidies support coverage for people who have been dropped from their employer's insurance.

This legislation undermines employer shared responsibility under the ACA and the coverage expansion it supports, and it will harm workers who have their workplace health coverage taken away and their work hours cut. We urge you to vote against it.

Sincerely,

William Samuel, Director
Government Affairs Department

American Federation of Labor and Congress of Industrial Organizations
815 16th St., N.W. • Washington, D.C. 20006 • 202-637-5000 • www.aflcio.org