

# Deal Exempts Unions From 'Cadillac' Plan Tax Till 2018

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Unions and Democratic negotiators agreed Thursday to scale back a proposed tax on high-end health-insurance plans in the health bill, in part by adding a provision exempting collectively bargained contracts from the tax through Jan. 1, 2018.

The tax was included in the Senate's version of the bill but not the House plan, and has been one of the main unresolved issues as Democrats work to combine measures passed by the two chambers late last year.

Union leaders, as well as many House Democrats, are fiercely opposed to the tax on "Cadillac" insurance plans, which they say will hit many middle-class workers and undermine benefits won by unions.

President Barack Obama has supported the measure as a way both to pay for the legislation and to control overall health-care spending.

The changes mean that the tax will raise about \$90 billion over 10 years, down from nearly \$150 billion in the Senate bill, labor officials said.

To make up for the lost revenue—and to increase subsidies for lower earners to buy health insurance—negotiators are considering increasing the financial hit on drug makers, nursing homes and medical-device makers, according to people familiar with the discussions.

Democrats are considering levying an additional \$10 billion in fees on medical-device makers, for a total of \$30 billion over 10 years, according to people familiar with the matter.

Both the House and Senate bills called for about \$20 billion in new fees for the industry.

Congressional negotiators have also told drug makers they are considering decreasing reimbursements or increasing fees by an additional \$10 billion over a decade, beyond the \$80 billion in concessions the industry agreed to under a deal last year with the White House and the Senate Finance Committee, according to people familiar with the negotiations. And lawmakers are looking to push fees on nursing homes past the \$14.6 billion over a decade that is in the Senate version.

The move came as the White House and congressional leaders pressed to reach a final deal on key parts of health-care legislation by the weekend. Top congressional Democrats returned

to the White House Thursday for the second day in a row of talks aimed at completing work on the bill.

In funding the health measure, the Senate relied significantly on the new tax on high-end insurance plans. Under the

## White House and congressional leaders pressed for a final deal on health-care overhaul.

Senate bill, health insurers would pay a 40% tax on premiums that exceed \$8,500 annually for individuals, or \$23,000 for family plans. Under the agreement reached Thursday, those thresholds would inch up to

\$8,900 for individuals and \$24,000 for families, said AFL-CIO chief Richard Trumka.

Dental and vision benefits will not count toward those plans, Mr. Trumka said. Democrats also agreed to raise the threshold further for plans where premiums are higher because the workforce is older or has more women, officials said.

Union leaders pressed their case for the changes at two White House meetings this week, including a two-hour session with Mr. Obama.

"I think this is a very critical issue to be resolved, and I think it has been," said Rep. Robert Andrews (D., N.J.).

Many Republicans have supported taxing health-care benefits in the past, although those plans were different from the one that Democrats are now

considering. They were largely staying out of the current Democratic fight over the tax.

"We don't want to get in the middle of Democrats and unions attacking one another over a tax hike," said Antonia Ferrier, spokeswoman for House Minority Leader John Boehner.

House Ways and Means Committee Chairman Charles Rangel (D., N.Y.) said he hoped to finish by the weekend.

Mr. Rangel said lawmakers wanted to have legislative text of a House-Senate deal to send to the Congressional Budget Office by Friday so the CBO can analyze the cost of the bill and how many people it would cover. He cautioned that negotiators could miss the deadline.

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