



Health Care Reform and The Excise Tax



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The National Association of Police Organizations (NAPo) is a coalition of law enforcement unions and associations from across the United States that serves to advance the interests of America's law enforcement and corrections officers through legislative and legal advocacy, political action and education. Founded in 1978, NAPo now represents more than 2,000 police unions and associations, 236,000 sworn law enforcement officers, 11,000 retired officers and more than 100,000 citizens who share a common dedication to fair and effective crime control and law enforcement. Florida PBA, Palm Beach County PBA, and Dade County PBA are members of NAPo.

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On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 25, Congress passed the Reconciliation Act of 2010, H.R. 4872, which amends certain provisions, including the excise tax, of the Patient Protection and Affordable Care Act to reflect compromises made between House and Senate leadership and the Administration.

Despite NAPo's best efforts, an amended version of the excise tax was passed into law as part of the health care reform. Here is how the excise tax will affect you and your health care plan:

1. The enactment date of the tax is January 1, 2018.
2. For the purpose of the excise tax, the total cost of a plan includes everything except for the value of vision and dental benefits.
3. For health care plans that cover mainly high-risk professions and retirees, the thresholds for the excise tax would be \$11,850 for individuals and \$30,950 for families (these levels are higher than the thresholds for non-exempt plans).
4. The excise tax is only applied to the amount that is over the thresholds. For example, if your family plan costs \$33,000, the 40 percent tax would be levied on the \$2,050 that was over the threshold. Your plan sponsor would pay that tax; however, there is a distinct possibility that you will be paying for that tax in other ways, such as lower benefits or higher premiums.
5. The thresholds are indexed to the consumer price index plus one percentage point, but the indexing does not begin until 2019. This will increase the number of health care plans subject to the excise tax as the years advance.

From its inception, NAPo fought the inclusion of the 40 percent excise tax on health insurance companies, administrators, and self-insured employers that offer and administer high-cost health plans. NAPo continues to be deeply concerned that public safety employees will be forced to pay the excise tax in the form of wage cuts, higher premiums, increased out-of-pocket costs, and lower benefits, which will have serious implications on their livelihoods.

In addition to the excise tax, the Patient Protection and Affordable Care Act places new limitations on all individuals, including:

1. A new \$2,500 limit on tax-free contributions to health care flexible spending accounts.
2. An increase in the penalty for nonqualified withdrawals from health savings accounts to 20 percent.
3. A new prohibition to use Flexible Spending Account funds to purchase nonprescription medication.
4. An increase in the threshold for claiming deductions for medical expenses to 10 percent of a taxpayer's adjusted gross income for those under 65 years of age, up from 7.5 percent.

In three months' time, the Patient Protection and Affordable Health Care Act will start being implemented and will continue to be phased in until the last provision, the excise tax, is enacted in 2018. NAPo will push for the repeal of the excise tax.

If you have any questions regarding the Patient Protection and Affordable Health Care Act, or the excise tax in particular, please contact the NAPo office at (703) 549-0775.

House Holds Hearing On National Collective Bargaining

In a victory for NAPo, the House Education and Labor Subcommittee on Health, Education, Labor and Pensions held a hearing on H.R. 413, the "Public Safety Employer-Employee Cooperation Act (National Public Safety Collective Bargaining)," on March 10, 2010. NAPo was instrumental in securing the hearing and submitted testimony to ensure lawmakers fully recognize the importance of giving public safety officers the right to discuss workplace issues with their employers.

In June 2007, NAPo was the sole rank-and-file organization to testify on behalf of law enforcement at the Subcommittee hearing on H.R. 980, the Public Safety Employer-Employee Cooperation Act of 2007. Within a month, the House overwhelmingly passed the bill for the first time in the 12 years NAPo had been fighting for its passage. NAPo

is working with Committee and House leadership to ensure that we use the momentum gained by this hearing to pass H.R. 413 and ensure that all public safety officers have the basic American right to collectively bargain.

House leadership has H.R. 413 in its sights and we hope to secure a floor vote for this important legislation soon. NAPo is currently soliciting for more cosponsors for the legislation in order that when we bring it to a vote, we have a show of overwhelming bipartisan support. H.R. 413 currently has 214 cosponsors. Please join NAPo's efforts and urge your Congressional representatives to sign on in support of this bill. If you need assistance in determining whether your representative is already a cosponsor, please contact NAPo's Director of Governmental Affairs, **Andy Mournighan**, at (703) 549-0775.

NAPo Calls On The FCC To Give D Block Spectrum To Public Safety

On April 20, 2010, NAPo sent a letter to Federal Communications Commission (FCC) Chairman **Julius Genachowski** urging the FCC to amend its recommendation in the National Broadband Plan (NBP) so that the 700 MHz D Block is reallocated to public safety. This reallocation is necessary to ensure that our local, state and federal first responders have unrestricted access to a nationwide broadband network that will allow them to effectively respond to critical events.

NAPo believes that the NBP falls short of making certain that public safety has an interoperable mobile broadband network to support not only everyday first responder activities, but also emergency prevention and

response. In these tough economic times, it is not practical to believe that there will be a consistent funding source to build out the nationwide network if the D Block is auctioned off for commercial purposes. Additionally, NAPo is unaware of any Congressional support for the FCC's recommendation to establish a funding stream for a national first responder broadband network. Allocating the D Block to public safety is the only way to ensure a reliable, robust broadband network that meets the needs of a modern first responder community.

The 9/11 Commission specifically recognized the importance of allotting designated spectrum for first responders to use for interoperable communications. The

Caller: Hi, our printer is not working.
Customer Service: What is wrong with it?
Caller: Mouse is jammed.
Customer Service: Mouse? Printers don't have a mouse you fool!
Caller: Mmmm? Oh really? I will send a picture.

