

Health Care Reform Updates



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New Law Provides Two-Year Delay of 'Cadillac Tax,' Imposes Moratorium on Medical Device Excise Tax

President Obama recently signed the [Consolidated Appropriations Act of 2016](#), which (among other things) **provides a two-year delay** of the Affordable Care Act's excise tax on high-cost employer-sponsored health coverage (commonly referred to as the "cadillac tax" and governed by Internal Revenue Code section 4980I) and **imposes a moratorium** on the medical device [excise tax](#).

Cadillac Tax Delay

Prior to the delay, the 40% tax was set to take effect in 2018 and would generally be imposed on plans that cost more than \$10,200 (for self-only coverage) and \$27,500 (for family coverage). **As a result of the new law, this tax will not be effective until 2020.**

Medical Device Excise Tax Moratorium

The 2.3% medical device excise tax that manufacturers and importers pay on sales of certain medical devices has generally been effective since January 1, 2013. **As a result of the new law, this tax will not apply to sales during calendar years 2016 and 2017.**

For more details, please review the [new law](#) in its entirety.

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