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Comprehensive List of Tax Hikes in Government Health Bill to be Voted on by House

19 Tax Hikes Totaling \$473 billion in Net Tax Increases

WASHINGTON, D.C. – Americans for Tax Reform today released the following comprehensive list of tax hikes in the government health bill to be voted on in the House this week:

(Page numbers reference ORIGINAL REID-OBAMA BILL unless noted):

Individual Mandate Excise Tax (Page 324/Sec. 1501/Jan 2014): Starting in 2014, anyone not buying “qualifying” health insurance must pay an income surtax according to the higher of the following (page 71 of manager’s amendment updates Reid bill):

	Single	2 People	3+ People
2014	\$495/0.5% AGI	\$990/0.5% AGI	\$1485/0.5%/AGI
2015	\$495/1.0% AGI	\$990/1.0% AGI	\$1485/1.0%/AGI
2016+	\$495/2.0% AGI	\$990/2.0% AGI	\$1485/2.0%/AGI

Exemptions for religious objectors, undocumented immigrants, prisoners, those earning less than the poverty line, members of Indian tribes, and hardship cases (determined by HHS).

Employer Mandate Tax (Page 348/Sec. 1513/Jan 2014): If an employer does not offer health coverage, and at least one employee qualifies for a health tax credit, the employer must pay an additional non-deductible tax of \$750 for all full-time employees. Applies to all employers with 50 or more employees.

If the employer requires a waiting period to enroll in coverage of 30-60 days, there is a \$400 tax per employee (\$600 if the period is 60 days or longer).

CBO Estimates That the Mandate Tax Penalties Will Raise \$39 billion from 2010-2019

Excise Tax on Comprehensive Health Insurance Plans (Page 1979/Sec. 9001/\$149.1 bil/Jan 2013): Starting in 2013, new 40 percent excise tax on “Cadillac” health insurance plans (\$8500 single/\$23,000 family). Higher threshold (\$9850 single/\$26,000 family) for early retirees and high-risk professions. CPI +1 percentage point indexed. Longshoremen have been exempted (page 362 of the manager’s amendment)

From 2013-2015, the 17 highest-cost states are 120% of this level.

Hike in Medicare Payroll Tax (Page 2040/Sec. 9015/\$86.8 bil/Jan 2013): Current law and changes:

	First \$200,000 (\$250,000 Married) Employer/Employee	All Remaining Wages Employer/Employee
Current Law	1.45%/1.45% 2.9% self-employed	1.45%/1.45% 2.9% self-employed
Reid-Obama Tax Hike	1.45%/1.45% 2.9% self-employed	1.45%/2.35% 3.8% self-employed

The 0.9% new rate addition is not deductible for the self-employment tax adjustment. Updated by page 372 of manager's amendment.

Medicine Cabinet Tax (Page 1997/Sec. 9003/\$5 bil/Jan 2011): Americans would no longer be able to use health savings account (HSA), flexible spending account (FSA), or health reimbursement (HRA) pre-tax dollars to purchase non-prescription, over-the-counter medicines (except insulin)

HSA Withdrawal Tax Hike (Page 1998/Sec. 9004/\$1.3 bil/Jan 2011): Increases additional tax on non-medical early withdrawals from an HSA from 10 to 20 percent, disadvantaging them relative to IRAs and other tax-advantaged accounts, which remain at 10 percent.

Flexible Spending Account Cap – aka “Special Needs Kids Tax” (Page 1999/Sec. 9005/\$14 bil/Jan 2011): Imposes cap on FSAs of \$2500 (now unlimited). Indexed to inflation after 2011 (added on page 363 of manager's amendment). There is one group of FSA owners for whom this new cap will be particularly cruel and onerous: parents of special needs children. There are thousands of families with special needs children in the United States, and many of them use FSAs to pay for special needs education. Tuition rates at one leading school that teaches special needs children in Washington, D.C. ([National Child Research Center](#)) can easily exceed \$14,000 per year. Under tax rules, FSA dollars can be used to pay for this type of special needs education.

Tax on Medical Device Manufacturers (Page 2020/Sec. 9009/\$19.2 bil/Jan 2010): Medical device manufacturers employ 360,000 people in 6000 plants across the country. This bill would impose a new \$2 billion annual tax on the industry imposed relative to shares of sales made that year. Exempts items retailing for <\$100. Rises to \$3 billion annually in 2017 (updated by page 364 of manager's amendment).

Raise "Haircut" for Medical Itemized Deduction from 7.5% to 10% of AGI (Page 2034/Sec. 9013/\$15.2 bil/Jan 2013): Currently, those facing high medical expenses are allowed a deduction if the total cost of the expenses reduces the filer's income by 7.5%. The new provision would impose a threshold of 10%. Waived for 65+ taxpayers in 2013-2016 only

Tax on Indoor Tanning Services (Page 373 of Manager's amendment/\$2.7 billion/July 1, 2010): New 10% excise tax on Americans using indoor tanning salons

Blue Cross/Blue Shield Tax Hike (Page 2044/Sec. 9016/\$0.4 bil/Jan 2010): The special tax deduction in current law for Blue Cross/Blue Shield companies would only be allowed if 85 percent or more of premium revenues are spent on clinical services

Excise Tax on Charitable Hospitals (page 2001/Sec. 9007/Min\$/immediate): \$50,000 per hospital if they fail to meet new "community health assessment needs," "financial assistance," and "billing and collection" rules set by HHS (updated on page 364 of manager's amendment).

Tax on Innovator Drug Companies (Page 2010/Sec. 9008/ \$22.2 bil/Jan 2010): \$2.3 billion annual tax on the industry imposed relative to share of sales made that year.

Tax on Health Insurers (Page 2026/Sec. 9010/\$59.6 bil/Jan 2011): \$10 billion annual tax on the industry imposed relative to health insurance premiums collected that year. Phases in gradually until 2017. Fully-imposed on firms with \$50 million in profits (updated on page 365 of manager's amendment)

Elimination of tax deduction for employer-provided retirement Rx drug coverage in coordination with Medicare Part D (Page 2034/Sec. 9012/\$5.4 bil/Jan 2011)

\$500,000 Annual Executive Compensation Limit for Health Insurance Executives (Page 2035/Sec. 9014/\$0.6 bil/Jan 2013)

Employer Reporting of Insurance on W-2 (Page 1996/Sec. 9002/Min\$/Jan 2011): Preamble to taxing health benefits on individual tax returns.

Corporate 1099-MISC Information Reporting (Page 1999/Sec. 9006/\$17.1 bil/Jan 2012): Requires businesses to send 1099-MISC information tax forms to corporations (currently limited to individuals), a huge compliance burden for small employers

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Supporting documentation:

Original Senate bill and [Senate Manager's Amendment](#)

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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