

List of Obamacare Taxes Repealed in Senate Health Bill

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The new Senate health bill abolishes the following Obamacare taxes:

- **Abolishes the Obamacare Individual Mandate Tax which hits 8 million Americans each year.**
- **Abolishes the Obamacare Employer Mandate Tax.**
- **Abolishes Obamacare's Medicine Cabinet Tax, which hits 20 million Americans with Health Savings Accounts and 30 million Americans with Flexible Spending Accounts.** This is a \$5.6 billion tax cut.
- **Abolishes Obamacare's Flexible Spending Account tax on 30 million Americans.** This is an \$18.6 billion tax cut.
- **Abolishes Obamacare's Chronic Care Tax on 10 million Americans with high out of pocket medical expenses.** This is a \$36 billion tax cut.
- **Abolishes the Obamacare health insurance tax.** This is a \$144.7 billion tax cut.
- **Abolishes the Obamacare medical device tax.** This is a \$19.6 billion tax cut.
- **Abolishes the Obamacare tax on prescription medicine.** This is a \$25.7 billion tax cut.
- **Abolishes the Obamacare tax on Medicare Part D retiree prescription drug coverage.** This is a \$1.8 billion tax cut.
- **Abolishes Obamacare's HSA withdrawal tax.** This is a \$100 million tax cut.
- **Abolishes Obamacare's 10% excise tax on small businesses with indoor tanning services.** This is a \$600 million tax cut.
- **The Senate bill also delays (until 2026) the "Cadillac" tax on employer-provided insurance.** This saves taxpayers \$66 billion over the next ten years.
- **The Senate bill also doubles the maximum HSA contribution** from \$3,400 to \$6,550 for individuals and from \$6,750 to \$13,100 for families. According to CBO, this saves taxpayers \$18.6 billion.
- **The Senate bill also allows Americans to use Health Savings Account funds to pay for health insurance premiums.** The option to use HSA funds, which are pre-tax, for insurance premiums will provide significant tax relief to millions of households. The CBO has not yet released a score for this tax cut. It is set to go into effect in 2018

Reminder: President Obama had **promised repeatedly** that he would not raise *any form of tax* on *any* American earning less than \$250,000 per year, but he broke the promise when he signed Obamacare. Passage of the Senate's Better Care Reconciliation Act means tens of millions of middle income Americans will get tax relief from Obamacare's long list of tax hikes.



Here is a more detailed list of the Obamacare taxes abolished in the Senate bill:

REPEALED: Obamacare Individual Mandate Tax and Employer Mandate Tax: Under Obamacare, anyone not buying “qualifying” health insurance – as defined by the Obama-era Department of Health and Human Services -- must pay an income surtax to the IRS. In 2015, **eight million** households paid this tax. Most Americans stuck with this tax are from low and middle income households. The IRS uses the Orwellian phrase “shared responsibility payment” to describe this tax.

This Obamacare tax is a *minimum* of \$695 for individuals. Families of four have to pay a *minimum* of \$2,085. Americans pay these amounts or 2.5% of their AGI, whichever is *higher*.

REPEALED: Obamacare Medicine Cabinet Tax on HSAs and FSAs: Under Obamacare, the 20.2 million Americans with a Health Savings Account and the 30 million covered by a Flexible Spending Account are no longer able to purchase over-the-counter medicines using these pre-tax account funds. Examples include cold, cough, and flu medicine, menstrual cramp relief medication, allergy medicines, and dozens of other common medicine cabinet health items. The Senate health bill will abolish this tax, saving Americans \$5.6 billion over the next ten years.

REPEALED: Obamacare Flexible Spending Account Tax: Under Obamacare, the 30 million Americans who use a pre-tax Flexible Spending Account (FSA) at work to pay for their family’s basic medical needs face an Obamacare-imposed cap of \$2,500. The Senate health bill will abolish this tax, saving Americans \$18.6 billion over the next ten years.

Before Obamacare, the accounts were unlimited under federal law, though employers were allowed to set a cap. Now, parents looking to sock away extra money to pay for braces find themselves quickly hitting this new cap, meaning they have to pony up some or all of the cost with after-tax dollars. Needless to say, this tax especially impacts middle class families.

There is one group of FSA owners for whom this new cap is particularly cruel and onerous: parents of special needs children. Families with special needs children often use FSAs to pay for special needs education. Tuition rates at special needs schools can run thousands of dollars per year. Under tax rules, FSA dollars can be used to pay for this type of special needs education. This Obamacare tax increase limits the options available to these families.

According to the U.S. Census Bureau, there are 2.8 million special needs children nationwide. As noted by the Neurological and Physical Abilitation Center, this Obamacare tax "will especially hurt parents of special needs kids because many use FSAs to pay for special needs education."

REPEALED: Obamacare Chronic Care Tax: Under Obamacare, this income tax increase directly targets middle class Americans with high medical bills. The tax hits 10 million households every year. Before Obamacare, Americans facing high medical expenses were allowed an income tax deduction to the extent that those expenses exceeded 7.5 percent of adjusted gross income (AGI). Obamacare now imposes a threshold of 10 percent of AGI. Therefore, Obamacare not only makes it more difficult to claim this deduction, it widens the net of taxable income.

According to the **IRS**, approximately 10 million families took advantage of this tax deduction each year before Obamacare. Almost all were middle class: The average taxpayer claiming this deduction earned just over \$53,000 annually in 2010. ATR estimates that the average income tax increase for the average family hit with this Obamacare tax is \$200 - \$400 per year.

The Senate health bill will abolish this tax, saving Americans \$36 billion over the next ten years.



REPEALED: Obamacare HSA Withdrawal Tax Hike: Under Obamacare, this provision increases the 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. The Senate health bill will abolish this tax, saving Americans \$100 million over the next ten years.

REPEALED: Obamacare Health Insurance Tax: In addition to mandating the purchase of health insurance through the individual mandate tax, Obamacare directly increases the cost of insurance through the health insurance tax.

The total revenue this tax collects is set annually by Treasury and is then divided amongst insurers relative to the premiums they collect each year. While it is directly levied on the industry, the **costs** of the health insurance tax are inevitably passed on to small businesses that provide healthcare to their employees, middle class families through higher premiums, seniors who purchase Medicare advantage coverage, and the poor who rely on Medicaid managed care.

According to American Action Forum, the Obamacare health insurance tax will **increase** premiums by up to \$5,000 over a decade and will **directly impact** 1.7 million small businesses, 11 million households that purchase through the individual insurance market and 23 million households covered through their jobs. The tax is also economically destructive – the National Federation for Independent Businesses **estimates** the tax could cost up to 286,000 in new jobs and cost small businesses \$33 billion in lost sales by 2023. The Senate health bill will abolish this tax, saving Americans \$144.7 billion over the next ten years.

REPEALED: Obamacare Tax on Medical Device Manufacturers: Under Obamacare, this law imposes a new 2.3% excise tax on all sales of medical devices. The tax applies even if the company has no profits in a given year. The Senate health bill will abolish this tax, saving Americans \$19.6 billion over the next ten years.

REPEALED: Obamacare Tax on Prescription Medicine: Obamacare imposed a tax on the producers of prescription medicine based on relative share of sales. The Senate health bill will abolish this tax, saving Americans \$25.7 billion over the next ten years.

REPEALED: Obamacare Ten Percent Excise Tax on Indoor Tanning: The Obamacare 10 percent tanning tax has wiped out an estimated **10,000** tanning salons, many owned by women. This Obamacare tax increase was the first to go into effect (July 2010). This petty, burdensome, nanny-state tax affects both the business owner and the end user. Industry estimates show that 30 million Americans visit an indoor tanning facility in a given year, and over 50 percent of salon owners are women. The Senate health bill will abolish this tax, saving Americans \$600 million over the next ten years.

REPEALED: Obamacare Elimination of Deduction for Medicare Part D Retiree Prescription Drug Coverage: The Senate health bill will abolish this tax, saving Americans \$1.8 billion over the next ten years.

Also of note:

The Senate health bill doubles the annual contribution limit for HSAs, raising the maximum contribution from \$3,400 to \$6,550 for individuals and from \$6,750 to \$13,100 for families. Under this law, taxpayers will be able to set aside more of their income as pre-tax savings. The CBO estimates this provision will save taxpayers \$18.6 billion over the next ten years.

The Senate health bill expands HSAs so that Americans can use these pre-tax funds to pay for insurance premiums. The CBO has not yet released a score for this tax cut.