



## TOP FIVE TAX FIBS FROM OBAMA HEALTH SPEECH

September 10, 2009

**1. Middle class tax hikes:** “The middle class will realize greater [health] security, not higher taxes.”

*This would be a big departure from the House bill and the Baucus draft. The House bill has four tax increases on families making less than \$250,000. President Obama himself endorsed another when he called for an individual mandate with a tax penalty. Earlier this week, he again floated the idea of a “soda tax.” The Baucus draft, like the House bill, contains a new tax on over-the-counter medicines purchased with an FSA or HSA*

**2. Individual mandate tax:** “Under my plan, individuals will be required to carry basic health insurance.”

*What the President is not saying is that the “stick” forcing individuals to do this will be a tax increase. In the House bill, the tax penalty would be 2.5 percent of income. Under the Baucus draft, the tax would range from \$750 to \$3800, based on family size and income. Either way, it’s a new tax.*

**3. Deficit-neutral is not tax-neutral:** “I will not sign a plan that adds one dime to our deficits—either now, or in the future. Period.”

*All “deficit-neutral” means is that taxes will go up at least as much as spending goes up. Under any version of government healthcare, taxes needed to make the plans deficit-neutral would easily exceed \$200 billion per year once the plans are fully phased in, according to CBO estimates.*

**4. Tax code makes healthcare more expensive:** “We spend one-and-a-half times more per person on health care than any other country, but we aren't any healthier for it. This is one of the reasons that insurance premiums have gone up three times faster than wages.”

*One of the reasons healthcare inflation is 8 percent a year, while regular inflation is 3 percent a year, is because of the tax code. The tax code prevents most individuals from buying health insurance with pre-tax dollars. Only when insurance is obtained through one’s job or the government is there a tax benefit. There’s also almost no tax benefit to paying for medical expenses out of pocket. These combine to make people think that someone else—not they—are paying for their health care, which drives up the cost.*

**5. Tax cuts don’t “cost” money:** “The plan I'm proposing will cost around \$900 billion over ten years...less than the tax cuts for the wealthiest few Americans that Congress passed at the beginning of the previous administration.”

*To make an obvious point, taxes are not the government’s money. They are money taken by force of law from the American people. To cut taxes doesn’t “cost” any family anything. In fact, it saves them money. When taxes are raised to increase government spending, that does cost money for families.*

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