



**THERE'S MORE THAN ONE TAX HIKE
IN THE BAUCUS-OBAMA HEALTH PLAN**

September 21, 2009

Yesterday, President Obama obstinately refused to acknowledge what is obvious to anyone who reads the Baucus-Obama government healthcare bill: it has a massive tax increase (\$750 to \$3800) on families who choose not to enroll in Obamacare. From Page 29:

“Excise Tax. *The consequence for not maintaining insurance would be an excise tax... the excise tax would be assessed through the tax code and applied as an additional amount of federal tax owed.”*

But those are not the only new taxes in the Baucus-Obama plan:

- **Employer Mandate Tax.** \$400 per employee if health coverage is not offered. *Note: this is a huge incentive to drop coverage, as \$400 is much less than the average plan cost of \$11,000 for families or \$5000 for singles* (Source: AHIP)
- **Backdoor Death of HSAs.** By requiring that all plans (besides the few that are grandfathered) provided first-dollar coverage for most services, there would be no HSA-qualifying plans available from the Massachusetts-like exchanges
- **Excise Tax on High-Cost Health Plans.** New 35% excise tax on health insurance plans to the extent they exceed \$21000 in cost (\$8000 single)
- **Report Employer Health Spending on W-2.**
- **Cap Flex-Spending Account (FSA) Contributions at \$2000.** Currently unlimited.
- **Eliminate tax deduction for employer-provided retirement Rx drug coverage in coordination with Medicare Part D**
- **Medicine Cabinet Tax.** Americans would no longer be able to purchase over-the-counter medicines with their FSA, HSA, or HRA
- **Increase Non-Qualified HSA Distribution Penalty from 10% to 20%.**
- **Corporate 1099-MISC Information Reporting.** Currently, only non-corporations providing property or services for a business must be issued at 1099-MISC. This would expand the requirement to corporations doing business with other businesses. The amount of reporting needed for an average business would be huge.
- **Various industry tax grabs based on market share.** \$2.3 billion PhRMA; \$6 billion health insurance providers; \$750 million clinical labs; \$4 billion medical device manufacturers

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202)785-0266

F: (202)785-0261

www.atr.org