



HOW DOES THE REID-OBAMA HEALTH BILL RAISE TAXES ON YOUR CURRENT HEALTH PLAN?

Many people have heard that the Reid-Obama government healthcare bill will raise taxes. What you might not realize is that many of the tax hikes raise taxes on the health insurance you already have today—endangering the health security of you and your family. Here's how:

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202) 785-0266

F: (202) 785-0261

www.atr.org

Excise Tax on Comprehensive Health Insurance Plans (*Page 1979/Sec. 9001/\$149.1 bil*): 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. From 2013-2015, the 17 highest-cost states are 120% of this level.

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

Medicine Cabinet Tax (*Page 1997/Sec. 9003/\$5 bil*): No longer allowable to use health savings account (HSA), flexible spending account (FSA), or health reimbursement arrangement (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*): 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.

FSA Cap (“Special Needs Children Tax”) (*Page 1999/Sec. 9005/\$14.6 bil*): Imposes cap on FSAs of \$2500 (now unlimited). Will most hurt families of special-needs children, who tend to use outsized FSA deferrals.

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

Tax on Medical Devices Like Prosthetic Limbs, Wheelchairs, and Pacemakers (*Page 2020/Sec. 9009/\$19.3 bil*): \$2 billion annual tax on the industry imposed relative to shares of sales made that year. Exempts items retailing for <\$100.

Tax on Health Insurance Premiums (*Page 2026/Sec. 9010/\$60.4 bil*): \$6.7 billion annual tax on the industry imposed relative to health insurance premiums collected that year.

Eliminate tax deduction for employer-provided retirement Rx drug coverage in coordination with Medicare Part D (“Retiree Rx Tax”) (*Page 2034/Sec. 9012/\$5.4 bil*). Will make employer-provided Rx coverage for retirees less available.

Raise “Haircut” for Medical Itemized Deduction from 7.5% to 10% of AGI (*Page 2034/Sec. 9013/\$15.2 bil*): Waived for 65+ taxpayers in 2013-2016 only. Will make it more difficult for working families to deduct medical expenses on their tax return.

Tax on Cosmetic Medical Procedures (“Botox Tax”) (*Page 2045/Sec. 9017/\$5.8 bil*): New 5% excise tax on elective cosmetic surgery to be paid by the surgery patient