



# New Year, New ObamaCare Taxes

*As ObamaCare Rings In The New Year, Americans Will Pay More In Taxes*

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## OBAMACARE'S TAX ON HEALTH INSURERS WILL BE PASSED ON TO THE MIDDLE CLASS THROUGH HIGHER PREMIUMS

**ObamaCare's \$8 Billion Health Insurance Tax Will Increase Health Care Premiums For Health Insurance Consumers.** "This year, insurers will collectively pay an \$8 billion health insurance tax known as HIT, a fee that will vary based on a company's market share. Annual collections will increase to \$14.3 billion by 2018, and more than \$100 billion will be brought in over the next decade. The million-dollar question is how much of this cost insurers will pass on to consumers." (Rachael Bade, "The 2014 ObamaCare Tax Wave," [Politico](#), 1/7/14)

- **According To The Joint Committee On Taxation, The Middle-Class Will Be Indirectly Hit With Higher Costs Due To The Tax.** "Another provision that indirectly affects individuals is the annual fee on health insurance providers. Under the provision, an annual fee applies to a covered entity engaged in the business of providing health insurance with respect to United States health risks. The aggregate annual fee is apportioned among the providers based on a ratio designed to reflect relative market share of U.S. health insurance business. The fee increases costs for affected health insurance providers and may be passed on to consumers in the form of higher prices." (Joint Committee On Taxation, [Letter To Senator Tom Coburn](#), 3/20/12)

**Joint Committee On Taxation Claims The HIT Tax Will Raise Premiums By 2 Percent Or Between \$350-\$400 A Year Per Family By 2016.** "For instance, the nonpartisan Joint Committee on Taxation said premiums will increase 2 percent because of the tax — about \$350 to \$400 per family by 2016." (Rachael Bade, "The 2014 ObamaCare Tax Wave," [Politico](#), 1/7/14)

- **The Tax Will Cost Families An Extra \$30 A Month In 2016.** "That's about \$360 for a family plan in 2016 — or \$30 per month, according to the Joint Committee on Taxation." (Brett Norman, "Health Insurance Tax Faces Challenge," [Politico](#), 9/9/13)
- **Insurance Industry Research Claims HIT Taxes Expected To Increase Premiums By More Than \$2,800 Per Person And \$6,800 Per Family Over A Decade.** "Insurers point to a study done by international consulting firm Oliver Wyman a few years ago that found the tax would increase premiums by more than \$2,800 per person and \$6,800 per family over a decade. The

study was paid for by the industry's leading trade group, America's Health Insurance Plans, which is lobbying hard to get the tax repealed." (Rachael Bade, "The 2014 ObamaCare Tax Wave," [Politico](#), 1/7/14)

**The Tax Is A Large Source Of Funding For ObamaCare.** "But the tax is also a large piece of the funding for the insurance expansion — which, in turn, will create millions of new customers for insurers, many with government subsidies." (Brett Norman, "Health Insurance Tax Faces Challenge," [Politico](#), 9/9/13)

### ***As Americans See Higher Premiums, ObamaCare's HIT Tax Is A Nightmare For Small Business***

**The Washington Post Headline: "Health Insurance Tax 'Scares The Daylights' Out Of Some Small-Business Owners."** (J.D. Harrison, "Health Insurance Tax 'Scares The Daylights' Out Of Some Small-Business Owners," [The Washington Post](#), 5/12/13)

**Small Business Owners Worry That ObamaCare's HIT Tax "Will Mean Higher Premiums For Them."** "Many small-business owners worry that a new tax on insurance providers in the health-care law will mean higher premiums for them, undermining the law's capacity to lower their health-care costs. Starting next year, the federal government will charge a new fee on health insurance firms based on the plans they sell to individuals and companies, known as the fully insured market. Meanwhile, the provision exempts health-insurance plans that are set up and operated by businesses themselves (the self-insured market)." (J.D. Harrison, "Health Insurance Tax 'Scares The Daylights' Out Of Some Small-Business Owners," [The Washington Post](#), 5/12/13)

- **The HIT Tax Will Hurt Small Businesses, As They "Are Less Likely To Self-Insure."** "The tax does apply to insurance companies that pick up the tab, including the private Medicare Advantage plans and those that will be sold to individuals on the new state-based ObamaCare exchanges. It applies to most small-business plans, which are less likely to self-insure." (Brett Norman, "Health Insurance Tax Faces Challenge," [Politico](#), 9/9/13)

**An NFIB Study Has Found That The HIT Tax "Could Reduce Private-Sector Employment" By Hundreds Of Thousands And Its Toll On GDP "Could Reach As High As \$185 Billion."** "A new study by the National Federation of Independent Business, which has long pushed back against the health-care law, suggests that the health-care tax could reduce private-sector employment by several hundred thousand jobs over the next decade, more than half of which would come from small businesses. Based on its forecasts, the toll on gross domestic product could reach as high as \$185 billion." (J.D. Harrison, "Health Insurance Tax 'Scares The Daylights' Out Of Some Small-Business Owners," [The Washington Post](#), 5/12/13)

### **OBAMACARE'S FEE TO EXPAND INSURERS' RISK WILL BE PASSED ALONG TO THE MIDDLE CLASS**

**A Three-Year Tax On Insurers, Known As The Bellybutton Tax, Will Collect \$63 Per Insurance Recipient From Insurers, Some \$12 Billion, To Redistribute To Other Insurers That Have The Most Costly Patients.** "By either name, it's basically insurance for the insurers that spreads out risk. This year, insurers will owe Uncle Sam \$63 per health insurance recipient — about \$12 billion. The program will then hand over the money to insurance companies that find themselves taking on the most costly patients, those with severe health problems." (Rachael Bade, "The 2014 ObamaCare Tax Wave," [Politico](#), 1/7/14)

- **According To The Joint Committee On Taxation, The Annual Fee Will Indirectly Affect The Middle Class.** "Other provisions indirectly affecting individuals through possible effects on prices of goods and services include the imposition of an annual fee on manufacturers and importers of

branded drugs; the imposition of an excise tax on manufacturers and importers of certain medical devices; repeal of the business deduction for federal subsidies for certain retiree prescription drug plans; the imposition of a fee on insured and self-insured health plans for the Patient Centered Outcomes Research Trust Fund; and the imposition of a 10-percent excise tax on indoor tanning services.” (Joint Committee On Taxation, [Letter To Senator Tom Coburn](#), 3/20/12)

### ***As Families Pay More, Obama's Union Allies Are Exempted From The Fee***

**The Obama Administration Has Announced Plans To Exempt Unions From The Tax.** “Further fueling the political fire, the Obama administration has announced plans to exempt unions — traditional friends to the Democrats — from the tax.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

- **The Guidance Was “Buried In Rules ... Exempting ‘Certain Self-Insured, Self-Administered Plans’ From The Law’s Temporary Reinsurance Fee In 2015 And 2016.”** “Weeks after denying labor’s request to give union members access to health law subsidies, the Obama administration is signaling it intends to exempt some union plans from one of the law’s substantial taxes. Buried in rules issued last week is the disclosure that the administration will propose exempting ‘certain self-insured, self-administered plans’ from the law’s temporary reinsurance fee in 2015 and 2016.” (Jay Hancock, “Labor Might Have Just Gotten A Pass On An ObamaCare Fee,” [Kaiser Health News](#), 11/6/13)

## **RAISING THE MEDICAL DEDUCTION CAP WILL COST SOME MIDDLE CLASS FAMILIES HUNDREDS OF DOLLARS A YEAR**

**Starting In 2013, People Under 65 Must Show Medical Costs Compose 10 Percent Of Their Income In Order To Write Them Off, An Increase From 7.5 Percent.** “A higher standard for deducting medical expenses from tax bills will also become apparent when affected taxpayers file their 2013 returns in the coming months. That’s because starting with tax year 2013, taxpayers younger than 65 must show that such costs compose 10 percent of their incomes in order to write them off, up from 7.5 percent previously.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

**ObamaCare’s Itemized Deduction Modifications Will Cut Deduction Amounts On The Middle-Class.** “Another provision with tax consequences for individuals and families earning less than \$200,000 and \$250,000 each year is the modification of the itemized deduction for medical expenses. This provision increases the threshold for the itemized deduction of unreimbursed medical expenses from 7.5 percent of AGI to 10 percent of AGI. This decreases the amount of the deduction (and thus increases taxes) for families with medical expenses exceeding 7.5 percent of AGI.” (Joint Committee On Taxation, [Letter To Senator Tom Coburn](#), 3/20/12)

- **A Family That Has An Adjusted Gross Income Of \$100,000 Will Pay \$700 More In Taxes Due To The Tax Code Change.** “For example, suppose a family with \$100,000 of AGI incurs eligible medical expenses of \$11,000. Before the health care bill, they would be entitled to an itemized deduction on Schedule A for medical expenses in excess of 7.5 percent of AGI (i.e. \$3,500). After December 31, 2012, the effective date of the change, this family is entitled to a deduction of eligible medical expenses over 10 percent (i.e., \$1,000). Assuming this family is in the 28 percent tax bracket in 2013 and assuming neither the taxpayer nor the spouse is over the age of 65, their taxes will increase by \$700.” (Joint Committee On Taxation, [Letter To Senator Tom Coburn](#), 3/20/12)

## **THE INDIVIDUAL MANDATE TAKES EFFECT THIS YEAR – AS WELL AS ITS TAX PENALTY**

**The Tax On Individuals Without Insurance Takes Effect Beginning In 2014.** “The new levies include a multibillion-dollar assessment on insurance companies based on their market share, a fee that will be used to compensate insurers who take on the most costly policyholders and a penalty for individuals who decide to remain uninsured.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

- **After March 31, Individuals Not Insured Will Pay \$95 Or 1 Percent Of Their Income, Whichever Is Greater, Increasing To 2 Percent, Or \$325, In 2015 And Then 2.5 Percent, Or \$695, In 2016.** “March 31 is the deadline to be insured and dodge the penalty, which this year is \$95 or 1 percent of your income, whichever is greater. Those amounts go up to 2 percent or \$325 in 2015 and 2.5 percent or \$695 in 2016.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

## **OTHER NEW OBAMACARE PROVISIONS WILL INCREASE TAXES AND FEES BY HUNDREDS OF BILLIONS**

**Two Taxes On Americans Will Be Paid For The First Time In The 2014 Tax Season And Are Expected To Raise Taxes By \$317 Billion Over A Decade.** “Both items will bring in \$317 billion over a decade, a big portion of the more than \$700 billion worth of the roughly 20 taxes that fund ACA.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

- **A 3.8 Percent Surtax On Capital Gains And Dividends For Individuals Earning More Than \$200,000, And Couples Earning More Than \$250,000, Began In 2013 But Won't Be Paid Until They File Tax Returns In 2014.** “ObamaCare targets richer Americans with new taxes that took effect in 2013 — but several of those won't be paid until they file their 2013 returns on or before April 15. That includes a 3.8 percent surtax on unearned income from capital gains and dividends for individuals earning more than \$200,000 and couples earning more than \$250,000.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)
- **A 0.9 Percent Medicare Wage Tax Increase In 2013 Will Be Felt For The First Time By Those Earning More Than \$200,000, And Couples Earning More Than \$250,000, In The 2014 Tax Season.** “The same income group also saw a 0.9 percent Medicare wage tax increase in 2013, but some might start noticing only when they file their returns. For instance, the individual paychecks of a couple whose members each made \$150,000 would not likely include the 0.9 percent withholding. But if they file jointly, at \$300,000, they'll see the tax added to their IRS bill this year.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)

**Starting In 2014, Insurance Companies That Sell Plans On HealthCare.gov Will Have To Pay A Fee Amounting To 3.5 Percent Of Premiums Sold Over The Website.** “Starting this year, insurance companies that sell their plans on HealthCare.gov will have to pay a monthly fee that amounts to 3.5 percent of the premiums they sold on the website.” (Rachael Bade, “The 2014 ObamaCare Tax Wave,” [Politico](#), 1/7/14)