

The Health Care Law

Taxes, Elimination of Deductions, and New Fees

Provision	Year	10 Year Revenue Estimates 2013-2022 ¹ (\$ billions)
"Tanning Tax"—Imposes 10% excise tax for indoor tanning services	2010	1.5
"Black Liquor" (i.e. sludge/byproduct of the process that transforms wood into pulp)—Excludes unprocessed fuels from the cellulosic biofuel producer credit	2010	15.5
Codifies economic substance doctrine and imposes penalties for underpayments	2010	5.3
Restricts FSA, HSA, HRA definition of itemized deduction for medical expenses (tax-preferred account dollars can only purchase OTC items with prescription)	2011	4.0
Increases penalty to 20% for non-health withdrawals from HSAs/Archer MSAs	2011	4.5
Imposes annual fee on branded drug manufacturers and importers of branded drugs	2011	34.2
Imposes fee on health insurance & employer plans (including fully-insured and self-insured plans) to fund comparative effectiveness research	Plan years after 9/30/12	3.8
Increases Medicare payroll tax by 0.9% on earned income in excess of \$200,000/\$250,000 (not indexed)	2013	317.7
Imposes 3.8% tax on unearned investment income for taxpayers with adjusted gross income (AGI) in excess of \$200,000/\$250,000 (not indexed)	2013	
Limits FSA contributions to \$2,500, indexed to inflation after 2013	2013	24.0
"Medical Device Tax"—Imposes 2.3% excise tax on manufacturers and importers of certain medical devices	2013	29.1
Eliminates deduction for Medicare Part D employer subsidy for retiree prescription drug coverage	2013	3.1
Raises AGI floor on medical expense deduction to 10%; AGI floor for individuals age 65 and older (and their spouses) remain at 7.5% through 2016	2013	18.7
Limits deduction to \$500,000 on executive compensation paid by health insurance companies	2013	0.8
"Health Insurance Tax"—Imposes annual fee on health insurance companies	2014	101.7
"Individual Mandate" - Requires individuals to obtain health insurance	2014	55.0 ²
"Employer Mandate"/"Free Rider" Penalty—Fines employers with 50 or more full-time equivalent employees who do not provide prescribed coverage	2014	106.0 ²
"Cadillac Tax"—Imposes 40% excise tax on high-cost plans	2018	111.0
Totals		835.9*

*Does not include expected costs of \$139.1 billion for "Doc Fix" over 10 years, now due to expire December 31, 2013 (2014–2023)

¹ Joint Committee on Taxation (JCT) Preliminary Estimated Revenue Effects (2013-2022) June 15, 2012. #12-2 046

² CBO & JCT estimate to repeal provisions under H.R. 6079 for Speaker Boehner (2013-2022) July 24, 2012

Note: The law originally included a new 1099 reporting requirement, which was expected to raise \$17.1 billion over 10 years. Due to a Chamber-led effort, the 1099 reporting provision was repealed on 4/14/2011.

Red = Employer-related provisions

Black = Other provisions

Some may apply to self-employed individuals



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