

JOINT COMMITTEE ON TAXATION
July 20, 2017
JCX-39-17

**ESTIMATED REVENUE EFFECTS OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO
THE TAX PROVISIONS CONTAINED IN TITLE I OF H.R. 1628, THE "BETTER CARE RECONCILIATION ACT OF 2017,"
AS POSTED ON THE WEBSITE OF THE SENATE COMMITTEE ON THE BUDGET ON JULY 20, 2017**

Fiscal Years 2017- 2026

[Millions of Dollars]

Provision	Effective	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-21	2017-26
1. Elimination of limit on recapture of excess advance payments of premium tax credits	tyba 12/31/17	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
2. Restrictions for the premium tax credit	tyba 12/31/17 & tyba 12/31/19	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
3. Modifications to small business tax credit.....	tyba 12/31/17 & tyba 12/31/19	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
4. Individual mandate.....	mba 12/31/15	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
5. Employer mandate.....	mba 12/31/15	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
6. Repeal of tax on employee health insurance premiums and health plan benefits: repeal 40% excise tax on health coverage in excess of \$10,200/\$27,500 (subject to adjustment for unexpected increase in medical costs prior to effective date) and increased thresholds of \$1,650/\$3,450 for over age 55 retirees or certain high-risk professions, both indexed for inflation by CPI-U plus 1%; adjustment based on age and gender profile of employees; vision and dental excluded from excise tax; levied at insurer level; employer aggregates and issues information return for insurers indicating amount subject to the excise tax (repeal sunsets 12/31/25) [1][2].....	tyba 12/31/19	---	---	---	-3,372	-6,885	-8,670	-10,659	-13,355	-16,436	-6,598	-10,257	-65,975
7. Repeal exclusion of nonprescribed over-the-counter medicines from the definition of medical expenses for health savings accounts ("HSAs"), Archer MSAs, health flexible spending arrangements, and health reimbursement arrangements [2][3].....	apaeiwrt tyba 12/31/16	-39	-534	-540	-562	-590	-616	-648	-675	-693	-731	-2,265	-5,627
8. Repeal increase in additional tax on distributions from HSAs and Archer MSAs not used for qualified medical expenses [3].....	dma 12/31/16	[4]	-10	-10	-11	-12	-13	-14	-16	-17	-19	-43	-122

Provision	Effective	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-21	2017-26
9. Repeal limitations on contributions to health flexible spending arrangements in cafeteria plans [2][5].....	pyba 12/31/17	---	-288	-1,245	-1,550	-1,655	-1,826	-2,170	-2,566	-3,254	-4,080	-4,739	-18,634
10. Repeal annual fee on manufacturers and importers of branded drugs	cyba 12/31/17	---	-3,988	-2,718	-2,711	-2,713	-2,713	-2,712	-2,710	-2,708	-2,705	-12,130	-25,678
11. Repeal 2.3% excise tax on manufacturers and importers of certain medical devices.....	sa 12/31/17	---	-1,373	-1,900	-1,994	-2,100	-2,213	-2,329	-2,447	-2,570	-2,696	-7,367	-19,622
12. Repeal annual fee on health insurance providers.....	cyba 12/31/16	---	-12,813	-13,523	-14,287	-15,090	-15,938	-16,828	-17,763	-18,737	-19,749	-55,713	-144,727
13. Reinstate deduction for expenses allocable to Medicare Part D subsidy.....	tyba 12/31/16	-40	-199	-159	-168	-178	-188	-199	-211	-223	-236	-745	-1,802
14. Repeal increase in AGI floor on itemized medical expenses from 7.5 to 10% for all taxpayers; apply 7.5% floor for alternative minimum tax purposes.....	tyba 12/31/16	-27	-3,468	-3,110	-3,370	-3,635	-3,909	-4,206	-4,516	-4,835	-5,063	-13,610	-36,138
15. Repeal 10% excise tax on indoor tanning services.....	spa 9/30/17	---	-48	-65	-66	-68	-69	-70	-72	-73	-75	-247	-605
16. Purchase of insurance from HSAs.....	[6]	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
17. Maximum contribution limit to HSA increased to amount of deductible and out-of-pocket limitation [2]....	tyba 12/31/17	---	-1,023	-1,550	-1,734	-1,923	-2,112	-2,298	-2,477	-2,663	-2,863	-6,230	-18,643
18. Allow both spouses to make catch-up contributions to the same HSA [2].....	tyba 12/31/17	---	-17	-35	-38	-41	-44	-47	-50	-53	-56	-132	-381
19. Special rule for certain medical expenses incurred before establishment of HSA [2].....	cba 12/31/17	---	-7	-18	-20	-21	-23	-24	-26	-27	-28	-66	-195
20. Exclusion from HSAs of high-deductible health plans which do not include protections for life.....	cba 12/31/17	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
NET TOTAL		-106	-23,767	-24,874	-29,883	-34,911	-38,333	-42,205	-46,883	-52,289	-44,899	-113,543	-338,149

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be July 30, 2017. Revenue provisions as submitted in statutory draft ERN17500.

Legend for "Effective" column:

apaeiwrt = amounts paid and expenses incurred with respect to
 cba = coverage beginning after
 cyba = calendar years beginning after

dma = distributions made after
 mba = months beginning after
 pyba = plan years beginning after

sa = sales after
 spa = services performed after
 tyba = taxable years beginning after

[Footnotes for JCX-39-17 appear on the following page]

Footnotes for JCX-39-17:

[1] This estimate does not include effects of interactions with other subsidies; those effects are included in estimates of other relevant provisions.

[2] Estimate includes the following off-budget effects:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2017-21</u>	<u>2017-26</u>
Repeal of tax on employee health insurance premiums and health plan benefits.....	---	---	---	-838	-1,437	-1,880	-2,362	-2,993	-3,765	-1,197	-2,274	-14,471
Repeal exclusion of nonprescribed over-the-counter medicines from the definition of medical expenses etc.....	-9	-125	-131	-138	-144	-152	-159	-168	-175	-184	-548	-1,387
Repeal limitation on health flexible spending arrangements to cafeteria plans.....	---	-88	-463	-491	-522	-624	-716	-873	-1,237	-1,144	-1,565	-6,160
Maximum contribution limit to HSA increased to amount of deductible and out-of-pocket limitation.....	---	-234	-355	-397	-441	-484	-527	-568	-610	-656	-1,428	-4,272
Allow both spouses to make catch-up contributions to the same HSA.....	---	-6	-12	-13	-14	-15	-16	-16	-17	-18	-44	-126
Special rule for certain medical expenses incurred before establishment of HSA.....	---	-2	-6	-7	-7	-8	-8	-9	-9	-10	-23	-67

[3] This estimate includes the effects of interactions with the proposal to increase the maximum contribution limit to HSAs.

[4] Loss of less than \$500,000.

[5] Estimate includes interaction with the high premium excise tax.

[6] This estimate shall apply with respect to amounts paid for expenses incurred for, and distributions made for, coverage under a high deductible health plan beginning after December 31, 2017.