

COMPARISON OF ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS IN H.R. 3103,
 THE "HEALTH COVERAGE AVAILABILITY AND AFFORDABILITY ACT OF 1996"

Fiscal Years 1996-2006
 [Millions of Dollars]

Provision	Effective	House Bill														Senate Amendment															
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06		
I. IDENTICAL PROVISIONS																															
1. Exemption from income tax for State-sponsored organizations providing health coverage for high-risk individuals.....	tyba 12/31/96	---	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-5	-7	-17	---	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-5	-7	-17		
2. Long-term care provisions: (a) treatment of long-term care insurance; (b) exclude employer contributions for long-term care insurance from gross income; (c) deduction for long-term care insurance premiums; and (d) consumer protection provisions.....	tyba 12/31/96	---	-32	-193	-223	-252	-281	-312	-336	-372	-391	-410	-700	-981	-2,802	---	-32	-193	-223	-252	-281	-312	-336	-372	-391	-410	-700	-981	-2,802		
SUBTOTAL: Identical Provisions.....		---	-33	-194	-224	-254	-283	-314	-338	-374	-393	-412	-705	-988	-2,819	---	-33	-194	-224	-254	-283	-314	-338	-374	-393	-412	-705	-988	-2,819		
II. SIMILAR PROVISIONS																															
1. Increase the self-employed health insurance deduction (H) (35% in 1998; 40% in 1999 through 2001; 45% in 2002; and 50% in 2003 and thereafter); (S) (35% in 1997; 40% in 1998; 45% in 1999; 50% in 2000; 55% in 2001; 60% in 2002; 65% in 2003; 70% in 2004; 75% in 2005; and 80% in 2006 and thereafter).....	tyba 12/31/97 = H tyba 12/31/96 = S	---	---	-36	-153	-250	-272	-347	-537	-694	-746	-798	-439	-711	-3,833	---	-32	-137	-267	-422	-601	-812	-1,052	-1,325	-1,630	-1,973	-858	-1,458	-8,250		
2. Long-term care provision: allow long-term care premiums to be deducted subject to the self-employed health care rules.....	tyba 12/31/96	---	-3	-34	-43	-53	-60	-65	-77	-89	-95	-104	-133	-193	-623	---	-4	-43	-50	-62	-76	-92	-101	-119	-140	-165	-159	-235	-852		
3. Long-term care provisions - deduction for long-term care expenses.....	tyba 12/31/97 = H tyba 12/31/96 = S	---	---	-78	-265	-291	-326	-363	-404	-442	-473	-506	-634	-960	-3,148	---	-71	-243	-265	-291	-326	-363	-404	-442	-473	-506	-870	-1,196	-3,384		
4. Tax treatment of accelerated death benefits under life insurance contracts.....	tyba 12/31/96	---	-10	-107	-166	-214	-265	-316	-376	-446	-527	-599	-497	-762	-3,026	---	-10	-107	-166	-214	-265	-316	-376	-446	-527	-599	-497	-762	-3,026		
5. Repeal bad debt reserve deduction for thrift institutions, with residential loan test for 1996 and 1997.....	tyba 12/31/95	47	111	216	280	277	272	260	247	111	36	29	931	1,156	1,886	47	111	216	280	277	272	260	247	111	36	29	931	1,156	1,886		

Provision	Effective	House Bill															Senate Amendment														
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06		
6. (H) Expatriation tax provisions: (S) Revision of expatriation tax rules.....	2/6/95	52	97	146	199	254	289	304	319	335	351	368	748	985	2,714	15	37	63	97	139	181	216	247	275	298	318	351	517	1,886		
7. Changes in Medicare spending (health-care fraud and abuse prevention - recoveries from payment safeguards and law enforcement; new and increased civil monetary penalties; additional exclusion authorities; criminal provisions; other items; (H) cost of additional health care fraud and abuse guidance) [3].....	10/1/97	---	-330	100	480	730	740	810	890	910	910	890	980	1,720	6,130	---	-270	180	550	820	850	930	1,000	980	900	770	1,280	2,130	6,710		
SUBTOTAL: Similar Provisions.....		99	-135	207	332	453	378	283	62	-315	-544	-720	956	1,235	100	62	-239	-71	179	247	35	-177	-439	-966	-1,536	-2,126	178	152	-5,030		
III. ADDITIONAL PROVISIONS IN HOUSE BILL																															
1. Application of COBRA sanctions to health coverage availability and portability requirements.....	1/1/98	Negligible Revenue Effect															No Provision														
2. Medical savings accounts: (a) maximum contribution limit (\$2,000 single and \$4,000 family); (b) tax-free build up of earnings; (c) definition of qualified medical expenses; (d) post-death distribution rules; and (e) clarification relating to capitalization of policy acquisition costs.....	tyba 12/31/96	---	-134	-246	-290	-340	-369	-399	-430	-461	-493	-523	-1,010	-1,379	-3,685	No Provision															
3. Health insurance organizations eligible for benefits of section 833.....	tyea 12/31/96	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-5	-11	No Provision															
4. Earned income credit ("EIC") compliance provisions:																															
Revenue.....	tyba 12/31/95	1	28	28	30	30	30	31	31	33	34	34	117	146	310	No Provision															
Outlay reduction.....	tyba 12/31/95	11	223	233	236	242	245	252	257	263	270	275	945	1,179	2,506	No Provision															
5. Medical liability reform [3].....	1/1/98	---	---	10	20	30	50	60	70	80	90	100	60	110	510	No Provision															
SUBTOTAL: Additional Provisions in House Bill.....		12	116	24	-5	-39	-45	-57	-73	-86	-100	-115	108	51	-370																
IV. ADDITIONAL PROVISIONS IN SENATE AMENDMENT																															
1. COBRA provisions - extension of coverage for disability; termination of coverage; definition of qualified beneficiary; and notice requirements.....	pyba 12/31/97	No Provision															Negligible Revenue Effect														

Provision	Effective	House Bill														Senate Amendment															
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1998-06	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1998-06		
2. Penalty free withdrawal from IRAs for medical expenses which exceed 7.5% of AGI and for insurance for unemployed individuals (for health insurance premiums only) without regard to 7.5% floor [2].....	1/1/97	No Provision														---	-4	-10	-10	-10	-10	-11	-11	-11	-12	-12	-34	-44	-101		
3. Long-term care provisions: (a) exchanges of life insurance contracts for long-term care contracts; (b) penalty-free withdrawals for long-term care insurance; and (c) change reserve requirements to one year preliminary term.....	12/31/96 & 12/31/97	No Provision														---	-177	-130	-214	-241	-273	-308	-349	-395	-446	-504	-762	-1,035	-3,037		
4. Disallow interest deduction for corporate-owned life insurance policy loans - BBA (phase out disallowance 90% in 1996, 80% in 1997, and 70% in 1998; cap borrowing at 20,000 lives; cap interest rate with special rules for grandfathered plans; exception for key person policies with 10 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995).....	ipaaa 10/13/95	No Provision														---	870	919	1,398	1,713	1,788	1,878	1,921	1,932	1,926	1,923	4,900	6,688	16,268		
5. Extend Medicare secondary payor provisions [3].....	10/1/98	No Provision														---	---	---	1,090	1,420	1,690	1,990	2,330	2,640	2,950	3,310	2,510	4,200	17,420		
6. Amendments to the Housing Act [3].....	10/1/95	No Provision														96	228	371	456	531	559	562	554	554	571	582	1,682	2,145	5,064		
7. Mental health parity:																No Effect on Outlays															
a. Medicare and Medicaid [3] [4].....	1/1/97	No Provision														---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
b. Federal Employee Health Benefits Program [3].....	1/1/97	No Provision														---	-47	-66	-71	-77	-82	-88	-95	-102	-110	-118	-261	-343	-856		
c. Indirect tax effects.....	1/1/97	No Provision														---	-944	-1,436	-1,544	-1,660	-1,782	-1,908	-2,039	-2,173	-2,315	-2,466	-5,584	-7,366	-18,267		
8. Modify treatment of foreign trusts.....	[5]	No Provision														25	100	171	180	188	197	206	214	223	245	268	664	836	2,017		
9. Include an organ donation card with individual income refund payments.....	---	No Provision														No Revenue Effect															
SUBTOTAL: Additional Provisions in Senate Amendment.....		---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---		
TOTAL REVENUE EFFECT.....		111	-52	37	103	160	50	-88	-349	-775	-1,037	-1,247	359	298	-3,089	183	-246	-446	1,240	1,857	1,839	1,830	1,748	1,328	880	445	2,588	4,245	10,659		

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

[Legend and Footnotes for JCX-42-96 appear on the following page]

Legend and Footnotes for JCX-42-96:

Legend: (H) = House bill
(S) = Senate amendment

Legend for "Effective" column: ipoa = interest paid or accrued after
pyba = plan years beginning after
tyba = taxable years beginning after
tyea = taxable years ending after

[1] Gain of less than \$500,000.

[2] Assumes no other provisions which expand the eligibility of IRAs are enacted.

[3] Estimate provided by the Congressional Budget Office. Negative numbers indicate that Federal outlays will increase.

[4] It is unclear if the mandate for mental health parity would apply to Medicare and Medicaid or private insurers that contract to serve Medicare and Medicaid beneficiaries. If the mandate applied to Medicare, the cumulative increase in Federal outlays between 1996 and 2002 would be almost \$80 billion. If the mandate applied to Medicaid, the cumulative increase in Federal outlays between 1996 and 2002 would be about \$35 billion.

[5] Various effective dates depending on provisions.