

JOINT COMMITTEE ON TAXATION

March 7, 2017

JCX-16-17

**ESTIMATED REVENUE EFFECTS OF
BUDGET RECONCILIATION LEGISLATIVE RECOMMENDATIONS RELATING TO
REPEAL AND REPLACEMENT OF CERTAIN HEALTH-RELATED TAX POLICY PROVISIONS CONTAINED IN
THE "AFFORDABLE CARE ACT ('ACA'),"
SCHEDULED FOR MARKUP BY THE COMMITTEE ON WAYS AND MEANS ON MARCH 8, 2017**

Fiscal Years 2017- 2026

[Billions of Dollars]

Provision	Effective	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-21	2017-26
Revenue Provisions													
1. Recapture excess advance payments of premium tax credits.....	tyba 12/31/17	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
2. Additional modifications to premium tax credit.....	tyba 12/31/17 & tyba 12/31/18	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
3. Premium tax credit.....	[1]	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
4. Small business tax credit.....	[2]	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
5. Individual mandate.....	mba 12/31/15	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
6. Employer mandate.....	mba 12/31/15	----- <i>-Estimate included in CBO Estimate of Coverage Provisions</i> -----											
7. 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 (CPI-U plus 1% for 2019); 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 12/31/24) [3][4].....	tyba 12/31/19	---	---	---	-3.4	-6.9	-8.7	-10.7	-13.6	-5.5	---	-10.3	-48.7
8. 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 [4][5].....	apaeiwrt tyba 12/31/17	---	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-2.1	-5.5

Provision	Effective	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-21	2017-26
9. Repeal increase in additional tax on distributions from HSAs and Archer MSAs not used for qualified medical expenses [5].....	dma 12/31/17	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-0.1
10. Repeal limitation on health flexible spending arrangements in cafeteria plans [4][5].....	tyba 12/31/17	---	-0.3	-1.2	-1.6	-1.7	-1.8	-2.2	-2.6	-3.3	-4.1	-4.7	-18.6
11. Repeal 2.3% excise tax on manufacturers and importers of certain medical devices.....	sa 12/31/17	---	-1.4	-1.9	-2.0	-2.1	-2.2	-2.3	-2.4	-2.6	-2.7	-7.4	-19.6
12. Reinstate deduction for expenses allocable to Medicare Part D subsidy.....	tyba 12/31/17	---	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.6	-1.7
13. Extend the 7.5% AGI floor in 2017 for elderly taxpayers and repeal increase in AGI floor on medical expenses deduction from 7.5% to 10%; apply 7.5% floor for alternative minimum tax purposes.....	tyba 12/31/16 & tyba 12/31/17	-0.2	-2.0	-3.2	-3.4	-3.6	-3.9	-4.2	-4.5	-4.8	-5.1	-12.4	-34.9
14. Repeal additional HI tax of 0.9% on earned income in excess of \$200,000/\$250,000 (unindexed).....	rra & tyba 12/31/17	-0.4	-6.5	-10.1	-11.4	-12.3	-13.2	-14.1	-15.2	-16.5	-17.6	-40.8	-117.3
15. Refundable health credit for health insurance coverage.....	mba 12/31/19 in tyea sd	----- <i>Estimate included in CBO Estimate of Coverage Provisions</i> -----											
16. Maximum contribution limit to HSA increased to amount of deductible and out-of-pocket limitation [4]...	tyba 12/31/17	---	-1.0	-1.6	-1.7	-1.9	-2.1	-2.3	-2.5	-2.7	-2.9	-6.2	-18.6
17. Allow both spouses to make catch-up contributions to the same HSA [4].....	tyba 12/31/17	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-0.1	-0.1	-0.1	-0.4
18. Special rule for certain medical expenses incurred before establishment of HSA [4].....	cba 12/31/17	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-0.1	-0.2
NET TOTAL		-0.6	-11.7	-18.7	-24.3	-29.3	-32.7	-36.6	-41.7	-36.4	-33.4	-84.7	-265.6

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be before April 1, 2017.

Legend for "Effective" column:

apaeiwrt = amounts paid and expenses incurred with respect to
 cba = coverage beginning after
 dma = distributions made after

mba = months beginning after
 rra = remuneration received after
 sa = sales after

sd= such date
 tyba = taxable years beginning after
 tyea = taxable years ending after

[Footnotes for Table JCX-16-17 appear on the following page]

Footnotes for JCX-16-17:

[1] This provision is effective for months beginning after December 31, 2019, in taxable years ending after such date and subsection (b) shall take effect on January 1, 2020.

[2] This provision is effective for taxable years beginning after December 31, 2017 and taxable years beginning after December 31, 2019.

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

[4] 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 40% excise tax on health coverage.....	---	---	---	-0.8	-1.4	-1.9	-2.4	-3.0	-1.0	---	-2.3	-10.5
Repeal exclusion of nonprescribed over-the-counter medicines from the definition of medical expenses.....	---	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.5	-1.3
Repeal limitation on health flexible spending arrangements to cafeteria plans.....	---	-0.3	-0.5	-0.5	-0.5	-0.6	-0.7	-0.9	-1.2	-1.1	-1.8	-6.4
Maximum contribution limit to HSA increased to amount of deductible and out-of-pocket limitation.....	---	-0.2	-0.4	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7	-1.4	-4.3
Allow both spouses to make catch-up contributions to the same HSA.....	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-0.1
Special rule for certain medical expenses incurred before establishment of HSA.....	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-0.1

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

[6] Loss of less than \$50 million.