JOINT COMMITTEE ON TAXATION March 11, 2010 JCX-10-10

ESTIMATED REVENUE EFFECTS OF THE MANAGER'S AMENDMENT TO THE REVENUE PROVISIONS CONTAINED IN THE "PATIENT PROTECTION AND AFFORDABLE CARE ACT," AS PASSED BY THE SENATE ON DECEMBER 24, 2009 [1]

Fiscal Years 2010 - 2019

[Billions of Dollars]

Provision	Effective	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-14	2010-19
Revenue Offset Provisions													
1. 40% excise tax on health coverage in excess of													
\$8,500/\$23,000 indexed for inflation by CPI-U													
plus 1% and increased thresholds for over age 55													
retirees or certain high-risk professions; levied at													
insurer level; employer aggregates and issues													
information return for insurers indicating amount													
subject to the excise tax; nondeductible; high 17													
state transition relief [2]	tyba 12/31/12				7.1	13.0	17.0	21.6	25.8	29.9	34.6	20.1	148.9
2. Employer W-2 reporting of value of health													
benefits	tyba 12/31/10					N	egligible I	Revenue Ej	ffect				
3. Conform the definition of medical expenses for													
health savings accounts, Archer MSAs, health													
flexible spending arrangements, and health													
reimbursement arrangements to the definition of													
the itemized deduction for medical expenses													
(excluding over-the-counter medicines prescribed													
by a physician) [2]	tyba 12/31/10		0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	2.1	5.0
4. Increase the penalty for nonqualified health													
savings account distributions to 20%	dma 12/31/10		[3]	[3]	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.2	1.3
5. Limit health flexible spending arrangements in													
cafeteria plans to \$2,500, indexed to CPI-U after													
2011 [2] [4]	tyba 12/31/10		0.6	0.9	1.6	1.9	1.9	1.8	1.8	1.7	1.7	5.1	14.0
6. Require information reporting on payments to													
corporations.	pma 12/31/11			0.4	3.3	2.0	2.1	2.2	2.3	2.4	2.5	5.6	17.1
7. Additional requirements for section 501(c)(3)						•			00				
hospitals	tyba DOE					N	'egligible I	Revenue Ej	ffect				
8. Impose \$2.3 billion annual fee on	553	2.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.5	11.0	22.5
manufacturers and importers of branded drugs	[5]	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	11.0	22.2

Provision	Effective	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-14	2010-19
9. Impose annual fee on manufacturers and importers of certain medical devices (\$2 billion per year for 2011 through 2017; and \$3 billion per year thereafter)	[6]		1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.8	2.9	7.6	19.2
10. Impose annual fee on health insurance providers (\$2 billion for 2011, \$4 billion for 2012, \$7 billion for 2013, and \$9 billion per year for 2014 through 2016, \$10 billion thereafter, with certain													
exceptions)	[7]		1.6	3.3	5.8	7.6	7.8	7.8	8.5	8.6	8.6	18.3	59.6
11. Study and report of effect on veterans health care	DOE -						- No Reve	nue Effect					
 12. Eliminate deduction for expenses allocable to Medicare Part D subsidy 13. Raise 7.5% AGI floor on medical expenses deduction to 10%; AGI floor for individuals age 	tyba 12/31/10		0.3	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	1.9	5.4
65 and older (and their spouses) remains at 7.5% through 2016	tyba 12/31/12				0.4	1.5	1.6	1.7	2.5	3.7	3.9	2.0	15.2
and service providers of covered health insurance providers	[8]				0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.6
unindexed [2]	tyba 12/31/12				13.3	6.0	10.4	13.1	14.1	14.7	15.2	19.3	86.8
health organizations	tyba 12/31/09	[3]	0.1	0.1	[3]	[3]	[3]	[3]	[3]	[3]	[3]	0.2	0.4
17. Impose 10% excise tax on indoor tanning services	spo/a 7/1/10	[9]	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.0	2.7
Total of Revenue Offset Provisions	•	2.0	7.2	10.2	37.3	37.9	46.7	54.2	61.1	68.0	73.7	94.6	398.4
Other Provisions													
1. Provide income exclusion for specified Indian													
tribe health benefits	[10]		[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]
2. Simple cafeteria plan nondiscrimination safe	1 10/01/10					3.7			ee .				
harbor for certain small employers	tyba 12/31/10					N	egligible K	evenue E <u>j</u>	fect				
3. Qualifying therapeutic discovery project credit	[11]	0.4	0.2	0.1	0.1	[0]	[0]					0.0	0.0
(sunset 12/31/10)4. Exclusion for assistance provided to participants in	[11]	-0.4	-0.2	-0.1	-0.1	[9]	[9]					-0.9	-0.9
state student loan repayment programs for certain													
health professionals	tyba 12/31/08	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	-0.1

Provision Effective	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-14	2010-19
5. Make the adoption credit refundable; increase												
qualifying expenses threshold, and extend the												
adoption credit through 2011 tyba 12/31/09	-0.2	-0.6	-0.5	[3]							-1.2	-1.2
Total of Other Provisions	-0.6	-0.8	-0.6	-0.1	[9]	[9]	[9]	[9]	[9]	[9]	-2.1	-2.2
Revenue-Related Provision - Impose Fee on												
Insured and Self-Insured Health Plans; Patient-												
Centered Outcomes Research Trust Fund [12]				0.1	0.3	0.3	0.4	0.4	0.5	0.7	0.4	2.6
NET TOTAL	1.4	6.4	9.6	37.3	38.2	47.0	54.6	61.5	68.5	74.4	92.9	398.8

Joint Committee on Taxation

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

Legend for "Effective" column:

dma = distributions made after DOE = date of enactment pma = payments made after spo/a = services performed on or after tyba = taxable years beginning after

[1] This table is a revised version of JCX-61-09, replacing Revenue Offset Provisions, line 5, "Limit health flexible spending arrangements in cafeteria plans..." The estimates on this table are provided relative to the 2009 baseline. Details of estimates of tax provisions included in Title I are reported in the letter, dated March 11, 2010, from the Congressional Budget Office to the Honorable Harry Reid, Senate Majority Leader, regarding the budgetary effects of the "Patient Protection and Affordable Care Act," as passed by the Senate.

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[2] Estimate includes the following off-budget effects:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2010-14</u>	<u>2010-19</u>
40% excise tax on health coverage				1.5	2.7	3.5	4.5	5.4	6.3	7.5	4.2	31.3
Conform the definition of medical expenses		0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.6	1.4
Limit health flexible spending arrangements		0.1	0.2	0.4	0.5	0.5	0.5	0.5	0.4	0.4	1.2	3.5
0.9 percentage point increase to hospital insurance tax				3.0	-1.5	-0.7	-0.1	-0.1	-0.2	-0.3	1.5	[3]

- [3] Gain of less than \$50 million.
- [4] Estimate includes interaction with the high premium excise tax.
- [5] Effective for calendar years beginning after December 31, 2009; fee is allocated based on market share of branded prescription drug sales for calendar years beginning after December 31, 2008.
- [6] Effective for calendar years beginning after December 31, 2010; fee is allocated based on market share of certain medical device sales for calendar years beginning after December 31, 2009.
- [7] Effective for calendar years beginning after December 31, 2010; fee is allocated based on market share of net premiums written for any United States health risk for calendar years beginning after December 31, 2009.
- [8] Effective for remuneration paid in taxable years beginning after 2012 with respect to services performed after 2009.
- [9] Loss of less than \$50 million.
- [10] Effective for health benefits and coverage provided after the date of enactment.
- [11] Effective for amounts paid or incurred after December 31, 2008, in taxable years beginning after December 31, 2008.
- [12] Effective for each policy plan year ending after September 30, 2012, but does not apply to policy years ending after September 31, 2019.