

JOINT COMMITTEE ON TAXATION
August 1, 1996
JCX-46-96

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT RELATING TO THE REVENUE PROVISIONS OF H.R. 3103,
THE "HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996"

Fiscal Years 1996 - 2006

[Millions of Dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
1. Increase the self-employed health insurance deduction (40% in 1997; 45% in 1998 through 2002; 50% in 2003; 60% in 2004; 70% in 2005; and 80% in 2006 and thereafter).....	tyba 12/31/96	---	-64	-238	-340	-377	-410	-445	-537	-824	-1,290	-1,827	-1,019	-1,429	-6,351
2. Long-term care provisions: (a) deduction for long-term care premiums; (b) deduction for long-term care expenses; (c) exclude employer contributions for long-term care insurance from gross income; (d) allow long-term care premiums to be deducted subject to the self-employed health care rules; (e) change reserve requirements to one-year preliminary term; and (f) exclude from gross income long-term care benefits received, subject to limitations.....	tyba 12/31/96 & cia 12/31/97	---	-108	-667	-645	-663	-743	-827	-905	-1,009	-1,103	-1,205	-2,083	-2,826	-7,874
3. Medical savings accounts limited to employers with 50 or fewer employees and self-employed: (a) maximum contribution limit (65% of deductible single and 75% of deductible family); (b) tax-free build up of earnings; (c) definition of qualified medical expenses; (d) clarification relating to capitalization of policy acquisition costs; (e) delay penalty-free withdrawal to age 65; (f) increase penalty-tax from 10% to 15%; (g) coordination of dual benefits for spouses; (h) estate tax preferences are deleted; (i) maximum deductible - \$2,250 single, \$4,500 family; and (j) cap on taxpayers utilizing MSAs.....	1/1/97	---	-118	-249	-264	-285	-303	-320	-338	-356	-373	-391	-916	-1,219	-2,998
4. Health insurance organizations eligible for benefits of section 833.....	tyea 12/31/96	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-7	-11
5. 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	-3,025
6. 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 [1].....	1/1/97	---	-4	-10	-10	-10	-10	-11	-11	-11	-12	-12	-34	-44	-101
7. Exemption from income tax for State-sponsored organizations providing health coverage for high-risk individuals and for State-created organizations providing worker's compensation reinsurance.....	tyba 12/31/96 & tyea DOE	---	-1	[2]	4	-2	-2	-2	-2	-2	-2	-2	1	-1	-11

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
8. Expatriation tax provisions.....	2/6/95	52	97	146	199	254	289	304	319	335	351	368	748	985	2,714
9. Disallow interest deduction for corporate-owned life insurance policy loans - BBA (phase out disallowance 100% in 1996, 90% in 1997, and 80% in 1998; cap borrowing at 20,000 lives; cap interest rate with special rules for grandfathered plans; exception for key person policies with 20 lives; limit borrowing in 1996 to policies purchased in 1994 and 1995).....	ipoaa 10/13/95	---	726	833	1,356	1,707	1,784	1,879	1,919	1,930	1,924	1,921	4,623	6,406	15,979
10. Eliminate interest allocation exception for certain nonfinancial corporations.....	DOE	10	73	107	123	141	163	187	201	215	228	242	454	607	1,690
11. Include an organ donation card with individual income tax refund payments.....	---	----- No Revenue Effect -----													
TOTAL REVENUE EFFECT.....		62	590	-186	256	550	502	448	269	-169	-805	-1,506	1,273	1,710	12

Joint Committee on Taxation

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

Legend for "Effective" column:
 cia = contract issued after
 DOE = date of enactment
 ipoaa = interest paid or accrued after
 tyba = taxable years beginning after
 tyea = taxable years ending after

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

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