

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515-6453

JUN 15 2012

MEMORANDUM

TO:

[REDACTED]

FROM:

Thomas A. Barthold

T.A.B.

SUBJECT:

Revenue Estimates

This memorandum is in response to your request for an estimate of a proposal to repeal all tax provisions of the "Patient Protection and Affordable Care Act," and the "Health Care and Education Reconciliation Act of 2010," referred to collectively as the "Affordable Care Act ('ACA')." The attached table provides estimates for the provisions that appeared on our original revenue table for the ACA (JCX-17-10). Estimates for repealing the coverage provisions, including exchange subsidies, the small business tax credit, indirect revenues from changes in employer coverage, and revenues from individual and employer responsibility fees and penalties, are determined in collaboration with the Congressional Budget Office ("CBO"), and will be provided in a forthcoming letter from CBO.

The attached estimates are provided assuming they are repealed effective "as if never enacted." For some provisions that created new taxpayer liabilities that are already in effect, we assume that the taxpayers will file for a refund. For those provisions that provided new tax benefits or increased existing tax benefits that have already been in effect, we assume that the IRS will not be able to recover those revenues retroactively. For provisions already in effect that affected revenues through health excludable insurance premium prices or health insurance choices by individuals, we assume that past effects would not be retroactively reversed. Several provisions have been legislatively repealed since enactment, as noted on our table.

Attachment: Table #12-2 046

ESTIMATED REVENUE EFFECTS OF A PROPOSAL TO REPEAL CERTAIN TAX PROVISIONS CONTAINED IN THE "AFFORDABLE CARE ACT (ACA)" [1]

Fiscal Years 2013 - 2022

[Billions of Dollars]

Provision	Original Effective Date	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Revenue Provisions													
1. 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; nondeductible [2].....	tyba 12/31/17	--	--	--	--	--	-10.9	-18.3	-22.0	-27.1	-32.5	--	-111.0
2. Employer W-2 reporting of value of health benefits.....	tyba 12/31/10	--	--	--	--	--	Negligible Revenue Effect						
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	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-1.6	-4.0
4. Increase in additional tax on distributions from HSAs and Archer MSAs not used for qualified medical expenses to 20%.....	dma 12/31/10	-0.1	-0.2	-0.2	-0.2	-0.3	-0.4	-0.5	-0.7	-0.8	-1.0	-1.0	-4.5
5. Limit health flexible spending arrangements in cafeteria plans to \$2,500; indexed to CPI-U after 2013 [2] [6].....	tyba 12/31/12	-1.4	-2.0	-2.0	-2.1	-2.3	-2.5	-2.6	-2.8	-3.0	-3.2	-9.8	-24.0
6. Require information reporting on payments to corporations.....	pna 12/31/11	--	--	--	--	--	Repealed by Public Law 112-9						

Provision	Original Effective Date	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
7. Additional requirements for section 501(c)(3) hospitals.....	tyba DOE												
8. Impose annual fee on manufacturers and importers of branded drugs (\$2.5 billion for 2011, \$2.8 billion per year for 2012 and 2013, \$3.0 billion per year for 2014 through 2016, \$4.0 billion for 2017, \$4.1 billion for 2018, and \$2.8 billion for 2019 and thereafter).....	cyba 12/31/10	-8.0	-2.8	-2.8	-2.8	-3.7	-3.8	-2.6	-2.6	-2.6	-2.6	-20.1	-34.2
9. Impose 2.3% excise tax on manufacturers and importers of certain medical devices.....	sa 12/31/12	-1.7	-2.6	-2.7	-2.8	-2.9	-3.0	-3.1	-3.3	-3.4	-3.6	-12.6	-29.1
10. Impose annual fee on health insurance providers (\$8 billion in 2014, \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, \$14.3 billion in 2018, and indexed to medical cost growth thereafter).....	[4] DOE	--	-6.1	-9.3	-9.5	-11.4	-11.7	-12.1	-13.0	-14.1	-14.5	-36.3	-101.7
11. Study and report of effect on veterans health care.....													
12. Eliminate deduction for expenses allocable to Medicare Part D subsidy.....	tyba 12/31/12	--	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-1.5	-3.1
13. Raise 7.5% AGI floor on medical expenses deduction to 10%, AGI floor for individuals age 65 and older (and their spouses) remains at 7.5% through 2016.....	tyba 12/31/12	-0.4	-1.1	-1.1	-1.1	-1.7	-2.6	-2.7	-2.7	-2.7	-2.7	-5.4	-18.7
14. \$500,000 deduction limitation on taxable year remuneration to officers, employees, directors, and service providers of covered health insurance providers.....	[7]	[3]	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5	-0.8
15. Broaden Medicare Hospital Insurance Tax Base for High-Income Taxpayers - additional HI tax of 0.9% on earned income in excess of \$200,000/\$250,000 (unindexed) [2], and Unearned Income Medicare Contribution on 3.8% on investment income for taxpayers with AGI in excess of \$200,000/\$250,000 (unindexed).....	tyba 12/31/12	-19.5	-9.6	-25.3	-28.6	-31.8	-35.1	-37.9	-40.7	-43.4	-45.8	-114.8	-317.7
16. Modification of section 833 treatment of certain health organizations.....	tyba 12/31/09	-0.1	-0.1	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.3	-0.4
17. Impose 10% excise tax on indoor tanning services.....	spo/a 7/1/10	--	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.7	-1.5
Total of Revenue Provisions.....		-31.4	-25.3	-44.3	-48.0	-55.0	-70.9	-80.7	-88.9	-98.2	-107.0	-204.6	-650.7
Other Provisions													
1. Provide income exclusion for specified Indian tribe health benefits.....	[8]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
2. Simple cafeteria plan nondiscrimination safe harbor for certain small employers.....	tyba 12/31/10												

-----Negligible Revenue Effect-----

No Revenue Effect

-----Negligible Revenue Effect-----

Provision	Original Effective Date	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
3. Qualifying therapeutic discovery project credit (sunset 12/31/10).....	[9]												
4. Exclusion for assistance provided to participants in State student loan repayment programs for certain health professionals.....	tyba 12/31/08	--	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
5. Make the adoption credit refundable; increase qualifying expenses threshold, and extend the adoption credit through 2011.....	tyba 12/31/09												
6. Exclusion of unprocessed fuels from the cellululosic biofuel producer credit.....	fsoua 12/31/09	-4.7	-5.9	-3.5	-1.4	-0.1	--	--	--	--	--	-15.5	-15.5
7. Codify economic substance doctrine and impose penalties for underpayments.....	teia DOE	-0.2	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-2.3	-5.3
8. Increase by 15.75 percentage points the required corporate estimated tax payments factor for corporations with assets of at least \$1 billion for payments due in July, August, and September 2014.....	DOE												
Total of Other Provisions.....		-4.9	-6.4	-4.0	-1.9	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-17.8	-20.8
<i>Repealed by Public Law 112-96</i>													
Revenue-Related Provision - Impose Fee on Insured and Self-Insured Health Plans; Patient-Centered Outcomes Research Trust Fund [11].....	[10]	[3]	[5]	[5]	[5]	[3]	-0.2	-0.1	-1.2	-1.2	-1.2	0.1	-3.8
NET TOTAL		-36.3	-31.7	-48.3	-49.9	-55.6	-71.7	-81.4	-90.7	-100.0	-108.8	-222.3	-675.3

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2012.

Legend for "Effective" column:

- cyba = calendar years beginning after
- dima = distributions made after
- DOE = date of enactment

- fsoua = fuel sold or used after
- pma = payments made after
- sa = sales after

- spo/a = services performed on or after
- teia = transactions entered into after
- tyba = taxable years beginning after

[Footnotes for Table #12-2 046 appear on the following page]

