

How Will Obamacare Impact You?

Info from the Heritage Foundation & Liberty Counsel

- 1.) Under **Section 1501**, individuals will be assessed a monetary penalty if they do not purchase a health insurance plan that meets the federal definition of “minimum essential benefits.” The penalty for failure to make such a purchase is to be the *greater* of a flat dollar amount or a percentage of income, phased in from 1 percent to 2.5 percent of income by 2016. The penalty is to be phased in over a three-year period, with the flat dollar amount set at \$95 in 2014, \$325 in 2015, and \$695 in 2016
- 2.) To pay for new government spending under Obamacare, the law includes 18 new taxes and penalties that will affect every American, costing taxpayers \$836 billion through 2022. Some are:
 - a.) **Section 1401** imposes a 40 percent excise tax on “Cadillac” health insurance plans. This new tax will apply to health plans valued in excess of \$10,200 for individuals and \$27,500 for families. Those thresholds will grow annually by inflation plus 1 percent. The tax takes effect in 2018 and is projected to raise \$32 billion by 2019.
 - b.) **Section 1411** increases the Medicare Hospital Insurance (HI) portion of the payroll tax. This provision will increase the employee’s portion from 1.45 percent to 2.35 percent for families making more than \$250,000 a year (and for individuals making more than \$200,000). Combined with the employer’s portion, the total rate will be 3.8 percent on every dollar of income over \$250,000 when the tax hike takes effect
 - c.) **Section 1411** also imposes a new payroll tax on investment. This tax provision applies the new higher 3.8 percent Medicare tax to investment income—including capital gains, dividends, rents, and royalties—to become effective in 2013.
 - d.) 2.3 percent excise tax on manufacturers & importers of certain medical device
 - e.) Annual fee on manufacturers and importers of branded drugs on each individual company's share of the total market
 - f.) Exclusion of unprocessed fuels from the existing cellulosic biofuel producer credit
 - g.) Raise the 7.5 percent Adjusted Gross Income floor on Medical expenses to 10%
 - h.) Limit amount taxpayers can deposit in flexible spending accounts to \$2,500 yearly
 - i.) Reduce the number of medical products taxpayers can purchase using funds in their HSAs and FSAs
 - j.) Individual mandate tax: President Obama has promised not to raise taxes on the middle class, but nearly 70 percent of those who will pay the Obamacare individual mandate tax earn less than 400 percent of the federal poverty level and 10 percent live in poverty.
- 3.) **Section 1302** grants Department of Health and Human Services (HHS) authority to set and periodically revise an “essential health benefits package” of minimum health insurance coverage. Obamacare grants more discretionary authority to unelected federal officials (i.e. HHS) to micromanage health insurance coverage than state legislatures have ever granted to state insurance regulators

- 4.) **Section 3201** cuts deeply into the projected payments to Medical Advantage (MA) plans. Millions of Medicare beneficiaries enrolled in MA plans, or who would have been enrolled if not for the cuts, will experience very substantial reductions in the value of health care services provided to them by the Medicare program. The law is projected to cut \$156 billion from the program between 2013 and 2022. Because of these cuts, the Medicare actuary predicts that enrollment in MA will decrease 50 percent by 2017. On a dollar basis, the average nationwide cut in services provided to MA enrollees, or to those who would have been enrolled in MA if not for the cuts, will total \$3,700 per beneficiary in 2017.
- 5.) Under **Section 3401**, Congress reduces Medicare payment updates for hospitals, skilled nursing facilities, home health agencies, and hospice care centers.
- 6.) Under **Section 3131**, Congress makes payment changes for home health care services. The law says the Secretary must also impose payment caps, but it allows for a 3 percent increase for rural home health care.
- 7.) Under **Section 3133**, the Secretary is required to change the Medicare formula for the Disproportionate Share (DSH) payment to hospitals. Beginning in fiscal year 2014, those payments must be reduced to equal 25 percent of what they would have been under previous law.
- 8.) Under **Section 3403**, Congress established the Independent Payment Advisory Board, a body composed of 15 members appointed by the President and confirmed by the Senate. The board's stated responsibility is to develop proposals to reduce the growth of Medicare spending. The only cuts it is allowed to make would be cutting providers' reimbursements—including administrative costs and profit margins of Medicare Advantage plans, which are already slated for a payment freeze and future cuts under the new law.
- 9.) Obamacare cuts \$716 billion from Medicare beginning in 2013.
- 10.) Under **Section 1401**, a Center for Comparative Effectiveness Research would be set up, creating a bureaucracy through which federal employees could determine whether any treatment is "comparatively effective" for any individual based on the cost, likely success and probably the years left in life.
- 11.) **Section 1401**, also allows for the collection of information about individuals' health records, both "published and unpublished," and recommend policies for public access to data.
- 12.) Under **Section 163**, the government would be allowed to have real-time access to individuals' finances, including direct access to bank accounts for electronic funds transfers.
- 13.) Under **Section 1308**, the government will dictate marriage and family therapy as well as mental health services, including the definitions of those treatments.
- 14.) Under **Section 440**, the government "will design and implement Home Visitation Program for families with young kids and families that expect children."