



H.R. 3590, "Patient Protection and Affordable Care Act"
Passed U.S. Senate December 24, 2009 – 60 to 39

Taxpayers

- Institutes an individual mandate requirement for health insurance coverage and a penalty for those who do not comply, tying the penalty to either a flat dollar amount or a percentage of income (Section 10106)
 - Penalty will be either \$750 or 0.5 percent of taxable income (whichever is higher) in 2014, jumping to two percent in 2016
 - Would generate \$15 billion, according to the Congressional Budget Office¹
- Imposes a monetary penalty on individuals who do not purchase "minimum essential coverage," which includes the following (Section 5000A):
 - Qualified exchange plans
 - Grandfathered individual and group health plans
 - Medicare and Medicaid plans
 - Military and veterans' benefits
- Imposes a 0.9 percent increase in Medicare payroll taxes on individuals earning over \$200,000 annually and families over \$250,000 annually (Section 10906)
 - Will raise \$86.8 billion over 10 years²
- In order to qualify for health tax credit, applicable married taxpayers must file joint return (Section 1401)
- Establishes a process by which the Secretary of Health of Human Services will impose benefit standards for all plans, categorized into 4 tiers (Section 1302)
 - Bronze: covers 60 percent of anticipated expenses
 - Silver: covers 70 percent of anticipated expenses
 - Gold: covers 80 percent of anticipated expenses
 - Platinum: covers 90 percent of anticipated expenses

- Includes exemptions for those who would suffer financial hardship through individual mandate costing more than 8 percent of modified gross income, non-resident aliens, and those exempted on religious grounds (Section 5000A)

- Imposes a 40-percent excise tax on the excess cost of employer-sponsored plans that are above threshold amounts, a.k.a. Cadillac plans (Section 9001)
 - 2013: \$8,000 threshold amount for individual policy and \$23,000 threshold amount for family policy
 - Higher threshold for individuals in “high-risk” professions
 - Phased-in threshold during 2013-2015 for 17 states with highest costs of average employer-sponsored insurance premium
 - Provisions would raise \$148.9 billion over 10 years, according to the Joint Committee on Taxation³

- Imposes a 10 percent excise tax on indoor tanning services (Section 10907)

¹ Congressional Budget Office. *An Analysis of Health Insurance Premiums Under the Patient Protection and Affordable Care Act*, available at <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>. 30 November 2009.

² See JCT *supra* note 2.

³ Joint Committee on Taxation. *Estimated Revenue Effects of the Manager’s Amendment to the Revenue Provisions Contained in the “Patient Protection and Affordable Care Act,”* available at <http://www.jct.gov/publications.html?func=startdown&id=3641>. 19 December 2009.