

	<b>Patient Protection and Affordable Care Act (H.R. 3590)</b>	<b>Affordable Health Care for America Act (H.R. 3962)</b>
<b>2010 Tax Changes</b>	<p>\$2.3 billion annual fee on the pharmaceutical manufacturing sector (effective for sales after December 31, 2008)</p> <p>Impose a tax of 10% on the amount paid for indoor tanning services (Effective January 1, 2010)</p> <p>Eventual elimination of employer deductible subsidy under Medicare Part D (2011 in Senate; 2013 in House) <b>would have immediate impact on employers' liability and income statements -- FAS 109 requires employers to immediately take a charge against current earnings to reflect the higher anticipated tax costs and higher FAS 106 liability.)</b></p> <p>Modification of Sec. 833 treatment of certain health organizations (effective Jan. 1, 2010) Impose 10% excise tax on indoor tanning services (for services provided after July 1, 2010)</p> <p>Exclusion for assistance provided to participants in state student loan repayment programs for certain health professionals (Effective taxable years beginning after 12/31/08)</p> <p>Make the adoption tax credit refundable; increase qualifying expenses threshold, and extend the adoption credit through 2011 (Effective Jan. 1, 2010)</p> <p>Provide income exclusion for specified Indian tribe health benefits (Effective Date of Enactment)</p> <p>Small employer tax credit begins. Provides employers with no more than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees with a tax credit (phased in 2010-2013; Phase II 2014 and afterwards)</p> <p>Temporary reinsurance program for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare (Effective 90 days after Date of Enactment)</p>	<p>Extends the tax exclusion for employer provided health coverage to a person who is eligible for coverage under the employer's plan and who is not a spouse or dependent.</p> <p>Exclusion from gross income for Indian Tribe health benefits. (Effective Date of Enactment)</p> <p>Eventual elimination of employer deductible subsidy under Medicare Part D (2011 in Senate; 2013 in House) <b>would have immediate impact on employers' liability and income statements -- FAS 109 requires employers to immediately take a charge against current earnings to reflect the higher anticipated tax costs and higher FAS 106 liability.)</b></p> <p>Disclosures to carry out health insurance exchange subsidies. (Effective Date of Enactment)</p> <p>Temporary reinsurance program for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare (Effective 90 days after Date of Enactment)</p> <p>Limit Treaty Benefits for certain deductible payments. (Effective Date of Enactment)</p> <p>Codify Economic Substance Doctrine and impose penalties for underpayments. (Effective Date of Enactment)</p>
<b>2011 Tax Changes</b>	<p>Annual fees on the health insurance sector of \$2 billion in 2011, \$4 billion in 2012, \$7 billion in 2013, \$9 billion in 2014-2016, and \$10</p>	<p>Impose an additional 5.4% surtax on individuals with modified adjusted gross income exceeding \$500,000 and families</p>

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<b>2011 Tax Changes</b>	<p>billion in 2017 and thereafter (effective for net premiums written after December 31, 2008 and third-party agreement fees received after December 31, 2008). <b><u>Does NOT apply to self-insured plans.</u></b></p> <p>\$2 billion annual fee on the medical device manufacturing sector increasing to \$3 billion after 2017 (effective for sales after December 31, 2009)</p> <p>Exclude the costs for over-the-counter drugs not prescribed by a doctor from being reimbursed through an HRA or health FSA and from being reimbursed on a tax-free basis through an HSA or Archer Medical Savings Account (Effective January 1, 2011)</p> <p>Increase the tax on distributions from a HSA or an Archer MSA that are not used for qualified medical expenses to 20% (from 10% for HSAs and from 15% for Archer MSAs) of the disbursed amount (Effective January 1, 2011)</p> <p>Limit the amount of contributions to a flexible spending account for medical expenses to \$2,500 per year increased annually by the cost of living adjustment (Effective January 1, 2011)</p> <p>Freeze the threshold for income-related Medicare Part B premiums for 2011 through 2019, and reduce the Medicare Part D premium subsidy for those with incomes above \$85,000/individual and \$170,000/couple</p> <p>Eliminate Medicare Part D subsidy deduction for employers <b>(N.B.: IMMEDIATE impact on employers' liability and income statements)</b></p> <p>Employer W-2 reporting of value of health benefits (Effective Jan. 1, 2011)</p> <p>Additional requirements for 501(c)(3) hospitals (Effective taxable years beginning after Date of Enactment)</p>	<p>with modified adjusted gross income exceeding \$1,000,000. (Effective January 1, 2011)</p> <p>Permit only prescribed drugs to be reimbursable through a HSA, Archer MSA, HRA, or FSA for medical expenses. (Effective January 1, 2011)</p> <p>Increase the tax on distributions from a HSA that are not used for qualified medical expenses to 20% (from 10%) of the disbursed amount (Effective January 1, 2011)</p> <p>Repeal implementation of Worldwide Interest Allocation</p> <p>Disclosures to facilitate identification of individuals likely to be ineligible for low-income subsidies under the Medicare Prescription Drug program to assist Social Security Administration's outreach to eligible individuals (Effective for disclosures made 12 months after Date of Enactment)</p>
<b>2012 Tax Changes</b>	<p>Require information reporting on payments to corporations (Effective Jan. 1, 2012)</p> <p><b>New federal premium tax on fully-insured and self-insured group health plans to fund comparative effectiveness research</b></p>	<p>Require information reporting on payments to corporations (effective January 1, 2012)</p> <p><b>New federal premium tax on fully-insured and self-insured group health plans to fund comparative effectiveness</b></p>

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	<p><b>program:</b> \$2.00 times the average number of covered lives for each policy plan year ending after September 30, 2012 (one dollar during fiscal year 2013 in the Senate bill), and is indexed to the cost of medical inflation. Sunsets in 2019.</p>	<p><b>research program:</b> \$2.00 times the average number of covered lives with respect to policies and plans for portion of policies or plan years beginning on or after October 1, 2012, indexed to the cost of medical inflation.</p>
<b>2013 Tax Changes</b>	<p><b>40% excise tax on insurers of employer-sponsored health plans (both fully-insured and self-insured)</b> with aggregate values that exceed \$8,500 for individual coverage and \$23,000 for family coverage (indexed annually by CPI plus 1%), beginning January 1, 2013. Values of health plans includes reimbursements from FSAs, HRAs and employer contributions to HSAs; also includes coverage for dental, vision, and other supplementary health insurance coverage.</p> <p>Increase the threshold for the itemized deduction for unreimbursed medical expenses from 7.5% of AGI to 10% of AGI for regular tax purposes; waive the increase for individuals age 65 and older for tax years 2013 through 2016 (Effective January 1, 2013)</p> <p>Increase the Medicare Part A (hospital insurance) payroll tax rate on wages by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individual taxpayers and \$250,000 for married couples filing jointly; funds deposited into the Medicare Part A Trust Fund (Effective January 1, 2013)</p> <p>\$500,000 deduction limitation on taxable year compensation to officers, employees, directors and service providers of covered health insurance providers. Applies IRC Sec. 162(m) for insurance providers if at least 25% of the insurance provider's gross premium income from health business is derived from health insurance plans that meet the minimum essential coverage requirements. <b>Applies to services performed after 2009.</b></p>	<p><b>Impose a tax on individuals</b> without acceptable health care coverage of 2.5% of their adjusted income above the filing threshold up to the cost of the average national premium for self-only or family coverage under a basic plan in the Health Insurance Exchange. (Effective January 1, 2013) Hardship and certain other exemptions.</p> <p>Require employers to offer coverage to their employees and contribute at least 72.5% of the premium cost for single coverage and 65% of the premium cost for family coverage of the lowest cost plan that meets the essential benefits package requirements or pay 8% of payroll into the Health Insurance Exchange Trust Fund. Annual payrolls less than \$500,000 completely exempt; sliding scale payroll penalty for employers between \$500,000 and \$750,000 annual payroll. (Effective January 1, 2013)</p> <p>Tax credit begins for small business employee health coverage expenses (January 1, 2013)</p> <p>Limit the amount of contributions to a flexible spending arrangement for medical expenses to \$2,500 per year, indexed to CPI-U. (Effective January 1, 2013)</p> <p>Impose a tax of 2.5% of the price on the first taxable sale of any medical device. (Effective January 1, 2013)</p> <p>Eliminate deduction for employers for expenses allocable to Medicare Part D subsidy (effective January 1, 2013) <b>(N.B.: IMMEDIATE impact on employers' liability and income statements)</b></p>
<b>2014 Tax Changes</b>	<p><b>Impose a tax on individuals</b> without qualifying coverage at the greater of \$750 per year up to a maximum of three times that amount (\$2,250) per family or 2% of household income. The penalty will be</p>	

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<b>2014 Tax Changes</b>	<p>phased-in according to the following schedule: \$95 in 2014, \$495 in 2015, and \$750 in 2016 for the flat fee or .5% of taxable income in 2014, 1.0% of taxable income in 2015, and 2% of taxable income in 2016. Beginning after 2016, the penalty will be increased annually by the cost-of-living adjustment.</p> <p>Assess employers with more than 50 employees that do not offer coverage and have at least one full-time employee who receives a premium tax credit a fee of \$750 per full-time employee. Employers with more than 50 employees that offer coverage but have at least one full-time employee receiving a premium tax credit, will pay the lesser of \$3,000 for each employee receiving a premium credit or \$750 for each full-time employee. For employers that impose a waiting period before employees can enroll in coverage, require payment of \$400 for any fulltime employee in a 30-60 day waiting period and \$600 for any employee in a 60-90 day waiting period. (Effective January 1, 2014) <b>Employers with 50 or fewer employees exempt.</b></p> <p>Require employers that offer coverage to their employees to provide a free choice voucher to employees with incomes less than 400% FPL whose share of the premium exceeds 8% but is less than 9.8% of their income and who choose to enroll in a plan in the Exchange. The voucher amount is equal to what the employer would have paid to provide coverage to the employee under the employer's plan and will be used to offset the premium costs for the plan in which the employee is enrolled. Employers providing free choice vouchers will not be subject to penalties for employees that receive premium credits in the Exchange. (Effective January 1, 2014)</p>	