

## THE PATIENT PROTECTION AND AFFORDABLE CARE ACT Cutting Taxes, Making Health Care Affordable

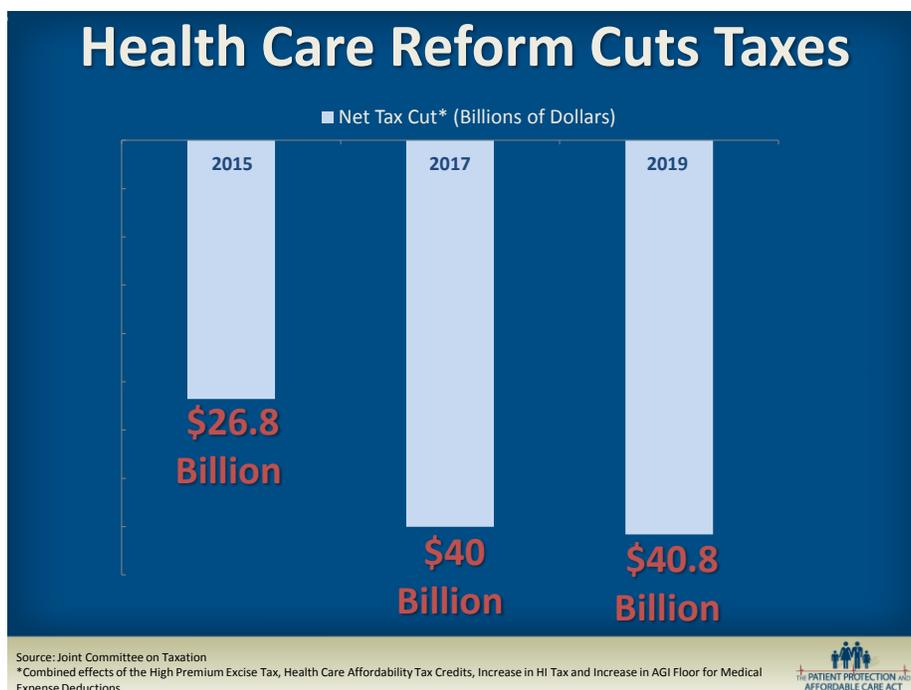
One important goal of health reform is to make health insurance more affordable for low and middle income Americans. To that end, the Patient Protection and Affordable Care Act would be the largest tax cut for individuals and families that Congress has passed since 2001.

- According to the independent, non-partisan Joint Committee on Taxation, individual income taxes will decrease by more than \$40 billion in 2017.
- That means Americans will pay 1.3 percent less in taxes in 2017 as a result of this legislation.
- The Patient Protection and Affordable Care Act will provide \$441 billion in tax cuts in the next 10 years.

The Patient Protection and Affordable Care Act will deliver Health Care Affordability tax credits to help low- and middle-income families purchase health insurance. Americans earning between 100 percent and 400 percent of the federal poverty level, or between \$22,050 and \$88,200 for a family of four, will be eligible to receive Health Care Affordability Tax Credits. These tax credits will make health insurance premiums more affordable and help more families get the coverage they need, which in turn will reduce the burden of uncompensated care costs on all Americans. In fact, the Center for American Progress estimated that most families today pay more than \$1,000 in increased premiums to cover the cost of inefficient uncompensated care that burdens our system.

By 2019, the Congressional Budget Office expects 25 million people to purchase health insurance through the new health insurance marketplace, or Exchange, created in this bill to help people understand and compare plans. The Exchange will be a web portal where Americans can search and sort from a variety of different health plans to choose the best plan for their family. This new website will automatically notify the millions of eligible Americans that they can receive a tax credit to help make their insurance more affordable. About 19 million of these enrollees will receive tax credits or cost-sharing subsidies to make insurance purchased by these individuals more affordable.

The chart below illustrates the tax cuts JCT has estimated under this bill. As time goes on, these tax credits will continue to provide tens of billions of dollars in tax relief to help Americans purchase health insurance.



## THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

### Cutting Taxes, Making Health Care Affordable

#### How much of a tax cut will Americans see?

- JCT estimates indicate that the bill's Health Care Affordability Tax Credits will reduce taxes by \$40 billion in 2017. That's equal to more than \$440 per taxpayer.
- For low- and middle- income taxpayers making less than \$200,000, this cut is even greater. The average tax cut for people in that income bracket is equal to more than \$640 per taxpayer in 2019.
- Taxpayers making less than \$75,000 will see an average tax break of \$1,345 in 2017.
- And, taxpayers earning between \$20,000 and \$30,000 will see an average decrease in their federal taxes of 36.7 percent in 2017.
- Table 1 below illustrates examples of tax credits individuals and families will receive at different income levels.

#### Are there hidden insurance costs this bill protects people against?

- This bill requires insurance companies to limit out-of-pocket expenses. So, even patients who get serious illnesses like cancer can feel confident they can afford the care they need.
- The maximum out of pocket cap will be tied to Health Savings Account levels, just under \$6,000 for an individual and \$12,000 for a family in 2010. And for many people, that cap will be lower, as illustrated in table 2 below. These limits will effectively protect all Americans from being at risk of medical bankruptcy, which affects one American every 30 seconds.

#### Are these tax cuts fiscally responsible?

- The Patient Protection and Affordable Care Act pays for health care reform in a responsible manner. The legislation is fully paid for and does not add to America's debt.
- In fact, the legislation reduces the federal deficit by \$130 billion over the next ten years.

**Table 1: Health Care Affordability Tax Credits People Will Receive To Purchase Health Insurance in the Exchange**

	Single Adult	Single Adult	Family of 4	Family of 4
<b>Percent relative to Federal Poverty Level (FPL)</b>	100-150 percent	250-300 percent	100-150 percent	250-300 percent
<b>Middle of Income Range</b>	\$14,700	\$32,400	\$30,000	\$66,000
<b>Household Share of Premiums</b>	\$300	\$3,000	\$600	\$6,100
<b>Affordability Tax Credit</b>	\$4,900	\$2,200	\$13,500	\$8,000
<b>Average Cost of Silver Plan</b>	\$5,200	\$5,200	\$14,100	\$14,100

**Table 2: Out-of-Pocket Limits for Insurance Purchased in an Exchange**

Income Range	Single Adult	Family of 4
<b>Income between 100-200 percent of FPL</b>	\$1,983	\$3,967
<b>Income between 200-300 percent of FPL</b>	\$2,975	\$5,950
<b>Income between 300-400 percent of FPL</b>	\$3,967	\$7,933