

THE AFFORDABLE CARE ACT

The Affordable Care Act (ACA) Was Advertised on False Claims - Congress bought it because they couldn't read it until the legislation passed – *No wonder it's unpopular!*



Two examples of the sham:

- **The middle class will not see tax increases. Yes, it will.**
- **Medicare payment cuts will not cut Medicare benefits. Yes, they will.**

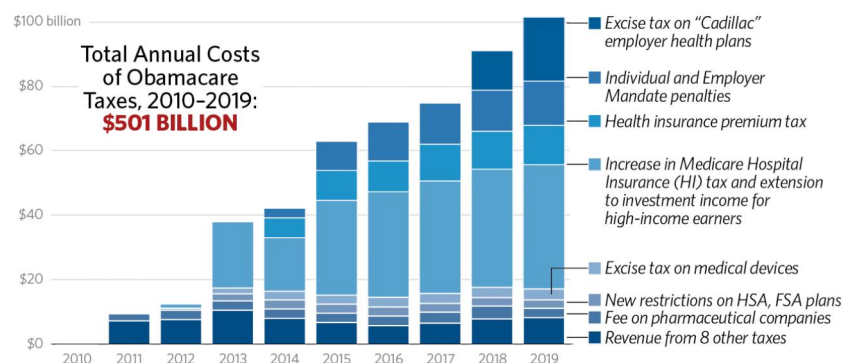
The Patient Protection and Affordable Care Act (ACA)[1] imposes numerous tax hikes that transfer more than \$500 billion over 10 years—and even more hundreds of billions in the future—from families and businesses to Congress. Plus, higher tax rates on working and investing will discourage economic growth from now on, lowering the standard of living. The government's CMS Actuary[2] said that payment cuts to Medicare providers could end the participation of some providers, would make 15 percent of hospitals unprofitable, and would “jeopardize” the access of seniors to health care. Worse, cuts in the popular Medicare Advantage plans would reduce the value of their benefits and cut enrollment in those plans by half over the next 10 years. The facts are easy to find and clear:

Summary: ACA contains 18 separate tax increases that will cost taxpayers \$503 billion between 2010 and 2019[2]. Three major tax hikes make up nearly half of the new revenue raised by ACA[3]:

1. 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.
2. 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 in 2013.
3. 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—and is scheduled to become effective in 2013. Together, the Medicare tax hikes will raise \$210 billion between 2013 and 2019.

Taxed Enough Already? Just wait until Obamacare kicks in

To pay for generous subsidies to purchase health insurance, a huge expansion of Medicaid, and other new spending, Obamacare raises taxes and adds 17 new taxes or penalties that will affect all Americans.



Source: Heritage Foundation calculations based on data from the Joint Committee on Taxation, March 2010 report.

Obamacare in Pictures heritage.org

The table found in reference [4] lists all of the tax increases in ACA. Some are not indexed to inflation, just like the daunting Alternate Minimum Tax (AMT) that is now gobbling middleclass incomes instead of the so-called high income taxpayers it was supposedly designed for.

Impact: As a result, the tax hikes in ACA will slow economic growth, reduce employment, and suppress wages because the increased taxes transfer money from productive private hands to the less efficient public sector.

References:

- [1] ACA of 2010, Public Law 111–148, and HC and Education Reconciliation Act of 2010, Public Law 111–152
- [2] www.CMS.GOV – Centers for Medicare and Medicaid Services
- [3] Joint Committee on Taxation www.jct.gov/publications.html?func=startdown&id=3672
- [4] Obamacare and New Taxes: Destroying Jobs and the Economy, Curtis Dubay, Jan. 20, 2011, www.heritage.org