

## Senate Finance Committee Excise Tax

- Impose an excise tax in 2013 on employer-sponsored health plans with aggregate values that exceed \$8,000 for individual coverage and \$21,000 for family coverage (these threshold values will be indexed to the consumer price index for urban consumers (CPI-U) plus 1%).
- At the above levels, the tax will hit family plans with costs in 2009 of \$15,000 and above.
- In 2019, the thresholds are projected to be \$9,405 for individual coverage and \$24,688 for family coverage.
- The threshold amounts will be increased for retired individuals age 55 and up and for employees engaged in high-risk professions by \$1,850 for individual coverage and \$5,000 for family coverage. But the threshold amount will be increased by the above amount, not twice that amount for a retiree over age 55 in a plan covering high risk professions.
  - According to the Finance bill as amended in Committee “high risk professions are law enforcement officers, firefighters, members of rescue squad or ambulance crew, and individuals engaged in the construction, mining, agriculture (but not food process), forestry or fishing industries”
  - In 2019, the increased thresholds for retirees and high-risk professions are projected to be \$11,580 for individual coverage and \$30,586 for family coverage.
- In the 17 states with the highest health care costs, the threshold amount is increased by 20% initially; this premium increase is subsequently reduced by half each year until it is phased out in 2015.
- The tax is equal to 40% of the value of the plan that exceeds the threshold amounts and is imposed on the issuer of the health insurance policy, which in the case of a self-insured plan is the plan administrator or, in some cases, the employer.
- The aggregate value of the health insurance plan includes reimbursements under a flexible spending account for medical expenses (health FSA) or health reimbursement arrangement (HRA), employer contributions to a health savings account (HSA), and coverage for dental, vision, and other supplementary health insurance coverage.