



Today's Updates

Senate Finance Pondering Taxing Only Health Benefits Worth More Than \$19,000

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Text of Finance Committee documents discussing health care options is available at [http://op.bna.com/dt.nsf/id/egrr-7t5vgq/\\$File/health618.pdf](http://op.bna.com/dt.nsf/id/egrr-7t5vgq/$File/health618.pdf)

The Senate Finance Committee is considering a variety of options to keep the proposal to tax employer-provided health benefits on the table, including exempting family health plans worth as much as \$18,840 from taxation, according to committee documents obtained by BNA June 18.

An outline of options being considered by the committee showed that a serious idea is to cap the value of the income exclusion for employer-provided health benefits at 20 percent above the value of the Federal Employees Health Benefits Plan (\$18,840 for families/\$7,420 for individuals) beginning in January 2013. The option would be indexed to the growth rate of the Consumer Price Index.

A less generous alternative also floated is to cap the value at 10 percent above the FEHBP (\$17,240 for families/\$6,800 for individuals) beginning in January 2013 and would be indexed to the average of CPI and the CPI for medical expenditures. Both of those plans would grandfather-in collective bargaining agreements existing on Jan. 1, 2013, to keep those plans from being affected by the change. Neither of the options had been scored yet.

The two other options would be effective as of Jan. 1, 2010, and would not grandfather in collective bargaining agreements. One idea is to limit the value of the exclusion to the FEHBP for 2013 (\$15,700 for families/\$6,182 for individuals) and index the limit to the per capita medical cost growth index used by the government, known as the CMS. The Joint Committee on Taxation has estimated that option would raise \$418 billion over 10 years.

Another possibility to use the same cap for the health care exclusion, but apply it only to individuals with an adjusted gross income of more than \$100,000 or married couples with an AGI of more than \$200,000, raising \$161.9 billion over 10 years.

All of the options would count the value of supplemental health plans such as vision and dental benefits, as well as contributions to health savings accounts and flexible spending accounts, toward the cap.

Senate Finance Committee Chairman Max Baucus (D-Mont.) continued to meet with members of his committee on June 18 to try to forge a compromise over issues ranging from financing to whether health care reform should include a public health insurance option, but left without any agreement.

Sen. Kent Conrad (D-N.D.) said one option "gaining traction" among members was derived from a bill (S. 391) offered by committee member Sen. Ron Wyden (D-Ore.) in February. The Healthy Americans Act would offer people a choice between a standard \$17,000 tax credit for a family of four or a deduction for health insurance, but would require that everyone purchase health insurance.