ObamaCare Shocker: Taxes to Go Up; Way Up

Taxes are going to go way up if the Congress passes the ObamaCare health care scheme proposed in H.R. 3200, entitled the Affordable Health Choices Act of 2009. Just as rationing is woven into the very fabric of the bill, so are tax increases, which appear in many forms all the way through it, and are levied against every productive segment of society.

To cite just one subtle, but very costly example: If you have employer-based health insurance, your income taxes are going to go up in an unexpected way. Your health insurance is no longer going to be a tax deductible expense, since the health plan will now be run by the government and not your employer. You will now pay taxes on the higher gross amount.

President Obama, who said taxes will not rise for those with incomes under $250,000, expects you and your fellow citizens will contribute a quarter of a trillion dollars more over ten years under just this provision of the bill.

A Trillion Dollars to Reduce Uninsured by 6%.

Several new "revenue enhancements", including the one just mentioned, are set forth in a June 15, 2009 letter from the Congressional Budget Office to Sen. Edward M. Kennedy (D-Mass.):

An additional $1 trillion plus in health care costs over ten years for what is called "non-elderly care" would be partly offset by receipts or savings from three sources: increases in tax revenues stemming from the decline in employment-based overage; payments of penalties by uninsured individuals; and reductions in outlays for Medicaid and CHIP.

The estimated additional trillion dollars that will be spent (if that is truly the actual limit) will reduce the percentage of uninsured non-elderly persons from 19 percent to 13 percent. If you include all persons, instead of excluding the elderly, who are all automatically insured under Medicare, the reduction is just a few percentage points.

The "Public Option" Won't Cost Taxpayers, Says Obama

A so-called "Public Option," which means government paid health care, similar to the existing government care under Medicare, Medicaid, and the Veterans Administration, has garnered a lot of controversy. Despite the wrangling about whether it is to be included, it is almost certain to ultimately end up in the final version of any law, or in a new and improved version 2.0 in a few years. About the "Public Option", the President said:

> I think that we can craft a system in which you've got a public option that has to operate

> independently, not subsidized by taxpayers — that they would have to go on the market and get a market price for capital, so they wouldn't be able to just have the Federal Reserve write them a check.

This makes no sense on many levels. First, a public option is government run and financed, meaning it is subsidized by taxpayers,not by borrowing in the capital market. Maybe the president inadvertently let us know he is planning to finance medical care by borrowing the money, and to make our children pay for it later. Second, the Federal Reserve does not write checks for government expenses, unless the president is considering an even more radical restructuring than he is letting on. Both of these statements could be Biden-like gaffes which unintentionally reveal the real plan.

New Taxes Galore

Section 207 of the bill dishes up a trio of taxes which will fill the coffers of a new "Health Insurance Exchange Trust Fund": "Taxes on individuals not obtaining acceptable coverage"; "Employment taxes on employers not providing acceptable coverage"; and "Excise tax on failures to meet certain health coverage requirements."

That is only the beginning.

Workers will endure a plethora of crushing new taxes, mostly by way of taxing their employers. Employers will now be taxed an unspecified amount for all part time employees, meaning wages will decrease. (Pg. 146-7) Any employer with a payroll over $400,000 per year, pays an 8 percent tax, on top of the 7.65 percent employer portion of the Social Security and Medicare taxes. Smaller employers pay a smaller percentage of 2–6 percent on payroll.

These taxes, which they call "contributions," are paid to a pleasantly named bureaucrat called the "Health Choices Commissioner." There will be no choice about paying this tax. The Euphemism Desk at the House of Representatives must be working a lot of overtime.

Individuals without coverage are also taxed 2.5 percent of their income. (p. 167) Persons who have higher incomes will be assessed an additional one percent on income over $300,000 to 5.4 percent on all income over $1 million per year. (pp. 197-8)

Apparently they intend to continue to debauch the currency, as these rates will go up yearly based on government-caused inflation. (p. 202)

These are some of the more overt taxes. However, the House Bill burdens just about everyone with higher costs or lower revenues. Doctors, hospitals, health plan participants, employers, employees — all will suffer financially.

Wait, I'm wrong. One class of persons does appear to prosper greatly under this bill: Government bureaucrats.

This is the sixth installment in our "ObamaCare Shocker" series examining provisions of the proposed Obama healthcare bill that deprive citizens of rights, or are of particular concern due to their likely intrusion on personal privacy or family autonomy. Gregory A. Hession, the author of the series, is an attorney in Massachusetts who specializes in family and constitutional law. Check back frequently for further parts of this series, where we will isolate and analyze the scariest parts of the 1,107-page Obama healthcare bill.

ObamaCare Shocker: Send in the Social Workers

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