

## Health Care—How Will We Pay for It? A Glenmede Update on Congressional Proposals

December 24, 2009—At 7 a.m., Christmas Eve, the Senate passed the H.R. 3590 (otherwise known as 'The Health Care bill') by a vote of 60-39. Now begins the reconciliation process between the bills passed by each chamber of Congress. There are many substantive differences between the two bills but of most interest to many Glenmede clients is how we will pay for universal health care. Set out below is a summary of the revenue raising provisions for each of the bills:

	House Bill H.R. 3962	Senate Bill H.R. 3590
Medicare cutbacks	Cutbacks of \$404 billion over 10 years	Cutbacks of \$483 billion over 10 years
Surtax on high income individuals (to begin 2011)	5.4% surtax on high income individuals (single person with AGI > \$500,000, couples AGI > \$1,000,000). Intended to raise \$460 billion.	None
Increase in Medicare payroll tax	None	Increase Medicare tax from 1.45% to 2.35 % on payroll income greater than \$200,000 (\$250,000 per family). Intended to raise \$87 billion.
Annual fees or excise tax on health care related companies (to begin 2011)	2.5% excise tax on medical devices sold in U.S. No fees on other health care related companies. Intended to raise \$20 billion.	Annual fees on insurance companies, drug manufacturers and medical device manufacturers. Fees allocated by market share. Intended to raise \$100 billion.
Cadillac health plan excise tax (to begin 2013)	None	40% excise tax on employer sponsored group plans with premiums >\$23,000 per family (\$8,500 per individual). Intended to raise \$135–149 billion.
Tax on tanning services	None	10% tax on indoor tanning services. No revenue estimate.