



EDITORIAL BOARD MEMO

To: Editors and Columnists

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GOP HEALTH CARE BILL GIVES \$600 BILLION IN TAX BREAKS, MOSTLY TO WEALTHY & CORPORATIONS, AS 24 MILLION LOSE HEALTH CARE

The U.S. House is slated to consider the Republican replacement for the Affordable Care Act (ACA) next week. Debate over the GOP's American Health Care Act will be heated, given complaints from both ends of the party's ideological spectrum and solid opposition from Democrats. Central to the debate will be the morality and economic consequences of cutting high-income and corporate health-care taxes as tens of millions of low-income Americans lose health coverage and millions more see their health-care costs soar.

The legislation approved by two key House committees last week would cut taxes by about \$600 billion over 10 years, mostly for the wealthy and health-care corporations, while eliminating health coverage for 24 million Americans by 2026, according to the non-partisan [Congressional Budget Office](#) (CBO). Currently, about [20 million Americans have gained insurance](#) through the ACA.

The rich will get richer and millions of working families will lose health care because the ACA is largely funded by taxes on the top 2% and on insurance, prescription drug and medical device corporations that benefitted from expanded coverage. The GOP plan repeals those taxes without providing any alternative funding sources.

Households making more than \$1 million a year would get a [\\$50,000 annual tax cut](#), on average, according to the Center on Budget and Policy Priorities. The nation's 400 richest families would get an annual tax cut of \$7 million each, on average. So, in addition to undoing the progress made in broadening access to health care, repeal would also reverse progress made narrowing the nation's unhealthy economic inequality.

This tax-cut windfall would come even as most Americans believe the wealthy and big corporations are already [dodging their fair share of taxes](#). A new [Quinnipiac University Poll](#) shows 74% of U.S. voters say President Trump should not "lower taxes on the wealthy." (Q34)

Americans for Tax Fairness urges you to publish an opinion piece opposing the GOP plan and supporting the ACA. We hope you'll note that shifting resources from health insurance for

working families to tax cuts for wealthy households and corporations would further exacerbate the nation's already destabilizing economic inequality.

Estimates cited below are from the [CBO report](#), unless otherwise noted. Tax data is from the Joint Committee on Taxation, which is contained in the CBO report (Table 2).

The Effect of ACA Repeal on Wealthy Households and Corporations

The GOP plan repeals a total of \$592 billion in taxes over 10 years, which mostly benefit the wealthy and profitable corporations:

- \$275 billion from the richest 2% of households (couples with incomes more than \$250,000 and singles making \$200,000).
 - \$158 billion from a 3.8% “net investment income tax,” which exclusively targets unearned income: interest, dividends, capital gains, rent and other examples of money making money. This tax is particularly important for combating income inequality because such passive income is [highly concentrated among the wealthy](#), according to Tax Policy Center data. Such investment income is already taxed at a much lower rate than wages and salaries.
 - \$117 billion from the “additional Medicare tax,” which is a modest 0.9% payroll tax on employment income over the above-cited income levels, added to the existing 2.9% rate that all workers pay. This tax extended Medicare’s Hospital Insurance (HI) trust fund by three years, as discussed below.
- \$190 billion from corporate taxes assessed on very profitable industries:
 - \$145 billion from health insurers
 - \$25 billion from prescription drug companies
 - \$20 billion from medical device companiesHealth care industries acquiesced to these taxes when the ACA was drafted because of the increased business – and profits – corporations would get from expansion of health care to tens of millions of previously uninsured Americans.
- The GOP plan even repeals a protection the ACA put in place that prevented windfalls for insurance company executives by limiting the deduction for compensation paid by health insurance providers to employees and service providers during a tax year to \$500,000. This [tax break loses \\$400 million](#) over 10 years.

The Effect of ACA Repeal on Working Families

To compensate for the loss of \$600 billion in revenue, drastic changes to the ACA are proposed in the GOP plan, which will greatly harm low-and moderate-income Americans as follows:

Health Insurance Coverage: [20 million Americans have health insurance](#) because of the ACA’s tax-supported programs, according to the Department of Health and Human Services. (State-by-state numbers can be found [here](#).) If the ACA is replaced by the House GOP bill those gains

will be wiped out. CBO's estimate of the effects in 2026 are that:

- 24 million fewer Americans will have health coverage in 10 years. In 2026, the number of uninsured is projected at 52 million under the GOP plan compared with 28 million under the ACA.
- 14 million fewer would be enrolled in Medicaid, 7 million would no longer have employment-based coverage and 2 million would no longer purchase their own insurance.
- The share of the uninsured in 2026 who are in the 50-64 age range – the costliest and least healthy age group – will go from 13% under the ACA to 31% under the GOP plan.

Medicaid: Federal funding is slashed by \$880 billion over 10 years. In 2026, it will amount to a [25% cut](#) compared with the ACA-funding level, according to the Center on Budget and Policy Priorities. The biggest loss of health coverage will occur to this vulnerable population, where about [60% of the costs](#) provide care to the elderly and people with disabilities.

Affordability: By 2026, premiums in the non-group market will rise dramatically for older people not yet eligible for Medicare while subsidies to help pay for those premiums will be cut significantly. CBO projects a 20% to 25% increase in premium costs over the ACA under the GOP plan for a 64-year old. (p. 22) Someone that age making \$26,500 a year (175% of the federal poverty level) will see their premium increase nearly \$13,000 (Table 4). This is largely because the GOP plan allows premiums for older people to be five times higher than for young adults, as opposed to three times higher under the ACA, and because it provides much lower subsidies to help pay for care.

Medicare: The ACA extended the solvency of the Medicare Hospital Insurance (HI) trust fund by about [11 years](#). The GOP plan will [shorten it by three years](#), from 2028 to 2025, according to Medicare's chief actuary. That's because the GOP plan repeals a modest 0.9% Medicare payroll tax paid by high-salary workers, in addition to the 2.9% payroll tax that all workers pay.

Americans Don't Think the Wealthy & Corporations Deserve Another Tax Cut

[Polling consistently shows](#) the American people believe the wealthy and big corporations don't pay enough in taxes. In a [Gallup survey](#) last year, 61% said "upper-income people" pay "too little" taxes, vs. 21% who thought they paid their fair share. Fully two-thirds thought that corporations paid too little, compared to only 16% who thought they paid a fair share.

The GOP plan represents a huge shift in wealth away from low- and moderate-income Americans to the wealthy and big corporations. The ACA has decreased economic inequality by taxing the wealthy and insurance and prescription drug corporations, and using those tax dollars to help 20 million low- and middle-income Americans afford health care.

Under the GOP plan, instead of asking the richest Americans and most profitable corporations to pay their fair share, low- and moderate-income families will be hurt by slashing financial support to buy health insurance, drastically cutting Medicaid, and hurting the long-term viability of Medicare.

These are not the priorities supported by most Americans, who in a recent poll supported [greater public support for health care coverage](#), not less. We urge you to editorialize against passage of the American Health Care Act, based not only on the harm it would do to our nation's physical health but to our moral principles and economic stability, as well.

Additional Resources from the Media

- [The Republican health-care plan isn't about health care at all](#), *The Washington Post*, Catherine Rampell, March 9, 2017.
- [Trading Health Care for the Poor for Tax Cuts for the Rich](#), Editorial, *The New York Times*, March 14, 2017.
- [The GOP Make No Bones About One Part of its Healthcare Plan: Kicking Millions of Poor People off Medicaid](#), Editorial, *The Los Angeles Times*, March 10, 2017.
- [What the GOP Health Plan Really Means for Taxes](#), by Kelsey Snell, *The Washington Post*, March 8, 2017.
- [Why the GOP Health Care Plan is an Unmitigated Disaster](#), Editorial, *The (San Jose) Mercury News*, March 8, 2017.
- [The Massive Tax Cuts for the Rich Inside the GOP Health-Care Plan](#), by Max Ehrenfreund, *The Washington Post*, March 7, 2017.
- [Republicans' Obamacare Repeal Plan Would Cut Taxes on the Wealthy](#), by Brian Faler, *Politico*, March 6, 2017.
- [G.O.P. Repeal Bill Would Cut Funding for the Poor and Taxes on the Rich](#), by Margot Sanger-Katz, *The New York Times*, March 6, 2017.