

# ROUNDTABLE

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ON a 200,000 Home - This equals \$760000

## Health law's heavy impact

By Paul Guppy  
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In the days leading up to the dramatic late-night vote on President Barack Obama's health plan, Speaker Nancy Pelosi said, "We have to pass the bill so that you can find out what is in it ..." Now that ObamaCare has passed, it is slowly dawning on people what the new law means for the country and for Washington state.

ObamaCare sweeps away a host of state regulations and permanently alters our state's insurance market. From now on, the federal government will manage the health care of all Washingtonians. The 2,700-page law contains a complex web of mandates, directives, price controls, tax increases and subsidies.

Federal officials will now decide what kind of insurance people in Washington must

have, what medicines will be covered, what treatments are allowed and which are not. Early reports indicate, however, that President Obama, Vice President Biden, the Cabinet, senior members of Congress and leadership staff are exempt.

The new law falls well short of universal coverage. ObamaCare will leave about 6 percent of Washington residents without coverage. The measure is conservatively expected to cost \$2.4 trillion in its first full decade. Thousands of older Washingtonians will lose their Medicare Advantage coverage, and the state's 120,000 Health Savings Account holders may need to buy new policies or face stiff penalties.

Washington residents will begin paying ObamaCare taxes this year, while most benefits don't start until 2014. The law includes some 19 new taxes.

Here's a rundown of what Washingtonians can expect in the coming years.

**PENALTIES ON INDIVIDUALS.** Individuals will pay a yearly penalty of \$695, or up to 2.5 percent of their annual income, if they cannot show they have purchased a government-approved health policy.

**PENALTIES ON FAMILIES.** Families will pay a yearly penalty of \$347 per child, up to \$2,250 per family, if parents cannot show they have purchased a government-approved policy.

**PENALTIES ON EMPLOYERS.** Business owners with more than 50 employees must buy government-acceptable health coverage or pay a yearly penalty of \$2,000 per employee if at least one employee receives a tax credit.

**TAX ON INVESTMENT INCOME.** ObamaCare imposes a 3.8 percent annual tax on investment income of individuals making \$200,000 or more and on families making \$250,000 or more. The new tax is not indexed to inflation, so more people will fall under it each year. Seniors on fixed incomes and people with IRAs and 401(k) plans will be hit particularly hard.

**TAX ON "CADILLAC" HEALTH PLANS.** Starting in 2018, imposes a 40 percent annual tax on health care plans valued at \$10,200 for individuals and \$27,500 for families.

**MEDICARE TAX INCREASE.** Requires single people earning \$200,000 or more and couples earning \$250,000 or more to pay an additional 0.9 percent in Medicare taxes.

**TAX ON HOME SALES.** Imposes a 3.8 percent tax on home sales and other real estate transactions. Middle-income people must pay the full tax even if they are "rich" for only one day - the day they sell their house and buy a new one.

**TAX ON MEDICAL AID DEVICES.** Creates a new 2.9 percent tax on medical aid devices. Certain items intended for personal use are exempt.

**TAX ON TANNING.** Imposes a 10 percent tax on services at tanning salons. Business owners will collect the tax from customers and send it to the federal government. This appears to be the first federal sales tax in the United States.

ObamaCare will be enforced by the Internal Revenue Service. The tax agency plans to hire 16,500 new auditors,

agents and investigators, and to increase enforcement audits. The IRS can confiscate tax refunds, place liens on property and seek jail time if health-related penalties and taxes are not paid.

President Obama had said people could keep their coverage if they want, yet the Congressional Budget Office estimates that under ObamaCare 8 million to 9 million people will lose their employer-provided coverage.

The ObamaCare law passed over bipartisan opposition in Congress. Republicans say they will run on a "repeal and replace" platform this fall, and Washington has joined 12 other states in a lawsuit challenging the federal government's power to force state residents to buy a product - insurance - from private companies. The long-term prospects of ObamaCare are unclear. In the meantime, Washingtonians should prepare for major changes in their tax burden.

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