

MAKING HEALTH CARE AFFORDABLE

- ✓ Health care reform can't wait. We must pass legislation that makes good health care more affordable for everyone and includes a choice of a public health insurance option. Numerous polls show that the American public demands no less.
- ✓ We must invest enough resources in health care reform to make health care more affordable for everyone. All of us should help pay for our health coverage based on a fair amount that we can afford. It's not fair to ask Americans already paying too much for health care to pay more. The wealthiest Americans should pay their fair share.
- ✓ We can pay for reform that makes health care more affordable for everyone through savings in the system, taxing people who earn more than \$280,000 a year, and by closing corporate loopholes.
- ✓ President Obama has proposed savings of about \$622 billion over ten years.
- ✓ These proposed savings are a start. But it is not possible to fully fund health care reform and provide quality, affordable health care for all relying on savings alone. We need an investment beyond \$622 billion.

There are a number of responsible, fair options for raising the revenue we need to fund the health care system we deserve. For example:

- ✓ **Applying a surcharge to incomes above \$280,000 for individuals and \$350,000 for families.** A surcharge is a flat-tax rate applied to adjusted gross income (AGI). This measure would affect only 1.2 percent of taxpayers and would raise more than \$500 billion over ten years with no effect on the poor and middle class.
- ✓ **Limiting itemized deductions for the wealthiest taxpayers.** Itemized deductions currently subsidize certain activities at much higher rates for wealthy people than for middle-income people, and that's not fair. The President's proposal to limit itemized deductions would reduce this unfairness and raise more than \$260 billion over a decade.

✓ **Revising the Medicare tax so that it applies to investment income.**

Right now, the Medicare tax applies only to income from work. People who make their money from investments do not share in the cost. Expanding the Medicare tax to apply to investment income could raise more than \$40 billion a year even after exempting \$50,000 - \$100,000 in investment income for retirees.

✓ **Eliminating loopholes that encourage corporations to shift profits and jobs overseas to avoid U.S. taxes.**

Many of these schemes involve investments and transactions that exist only on paper and are used to make profits appear to be “foreign” so that they won’t be taxed. The President’s proposals to end these schemes can raise \$150 billion to \$200 billion over a decade.

Percentage of Taxpayers Who Would Pay the Graduated Surcharge in H.R. 3200 (listed by state, in alphabetical order)			
Alabama	0.9%	Montana	0.9%
Alaska	1.1%	Nebraska	0.8%
Arizona	0.9%	Nevada	1.4%
Arkansas	0.6%	New Hampshire	1.3%
California	1.9%	New Jersey	2.1%
Colorado	1.5%	New Mexico	0.8%
Connecticut	2.8%	New York	1.8%
Delaware	1.1%	North Carolina	0.9%
District of Columbia	2.7%	North Dakota	1.0%
Florida	1.5%	Ohio	0.8%
Georgia	1.1%	Oklahoma	1.0%
Hawaii	0.9%	Oregon	1.1%
Idaho	0.7%	Pennsylvania	1.0%
Illinois	1.6%	Rhode Island	0.8%
Indiana	0.7%	South Carolina	0.9%
Iowa	0.8%	South Dakota	1.1%
Kansas	0.9%	Tennessee	0.9%
Kentucky	0.7%	Texas	1.5%
Louisiana	1.0%	Utah	0.9%
Maine	0.9%	Vermont	0.9%
Maryland	1.7%	Virginia	1.4%
Massachusetts	2.4%	Washington	1.7%
Michigan	0.7%	West Virginia	0.5%
Minnesota	1.2%	Wisconsin	0.9%
Mississippi	0.6%	Wyoming	1.7%
Missouri	0.9%	United States	1.3%

Source: ITEP Microsimulation Tax Model, July 2009