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## Millionaires the Big Winners From Repealing the Affordable Care Act, New Data Show

By Chye-Ching Huang and Paul Van de Water

Republican plans to repeal the Affordable Care Act (ACA) would provide large, lopsided tax cuts to households with annual incomes over \$1 million, just-released data from the Urban-Brookings Tax Policy Center (TPC) show. TPC also finds ACA repeal would significantly *raise* taxes on about 7 million low- and moderate-income families due to the loss of their premium tax credits to buy health coverage through the marketplace. These tax increases would compound the harm to low- and moderate-income families from repealing the ACA's other coverage provisions — cost-sharing assistance and the Medicaid expansion — and would add tens of millions of people to the ranks of the uninsured.

TPC's new estimates show that a repeal of the ACA tax provisions similar to the reconciliation measure that President Obama vetoed in January 2016 — which GOP leaders cite as the model for their forthcoming repeal bill — would be highly tilted to the most well-off people and do the following:<sup>1</sup>

- Households with incomes above \$1 million would receive tax cuts averaging \$57,570 apiece in 2025, or more than the *total annual income* of any family in the bottom two-fifths of the population (all of whom will have incomes below \$52,300 in 2025), according to TPC.
- Millionaires would reap 53 percent of the net tax cuts (see Figure 1). This is more than double their share of the 2001 and 2003 tax cuts enacted under President Bush (ultimately equaling 23 percent) before policymakers scaled back those high-end tax cuts.<sup>2</sup>
- *Multi-millionaires* would do even better. The top 0.1 percent of households — those with incomes over roughly \$4.8 million in 2025 (and average incomes of \$10.4 million) — would

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<sup>1</sup> Tax Policy Center Tables T16-0287 and T16-0288, Distribution of Affordable Care Act Taxes, December 2016, <http://www.taxpolicycenter.org/simulations/distribution-affordable-care-act-taxes-dec-2016>. Also see Howard Gleckman, "Repealing the Affordable Care Act Would Cut Taxes For High Income Households, Raise Taxes For Many Others," Tax Policy Center, December 15, 2016, <http://www.taxpolicycenter.org/taxvox/repealing-affordable-care-act-would-cut-taxes-high-income-households-raise-taxes-many-others>.

<sup>2</sup> TPC Table T10-0215.

get tax cuts averaging \$260,630 apiece that year, raising their after-tax incomes by 2.5 percent. In all, the top 0.1 percent of households would receive roughly one-third of the net tax cuts.

- The bulk of the tax cuts for high-income filers would come from eliminating two ACA Medicare taxes on wealthy filers. Wealthy filers would no longer face Medicare taxes on most of their income — in sharp contrast to low- and moderate-income filers, who face Medicare taxes on all of their earnings. And the disparity between the top tax rates on income from earnings and income from wealth, which already favors income from wealth, would grow.

Steven Mnuchin, President-elect Trump’s pick for Treasury Secretary, recently said that under Trump’s tax plan, “there will be no absolute tax cut for the upper class.”<sup>3</sup> Repealing the ACA’s tax provisions would violate that rule, the TPC figures show. And previous TPC analyses have shown that other tax priorities that congressional Republicans and President-elect Trump share, such as slashing the top business and individual income tax rates and repealing the estate tax, would also produce large tax cuts for the upper class.

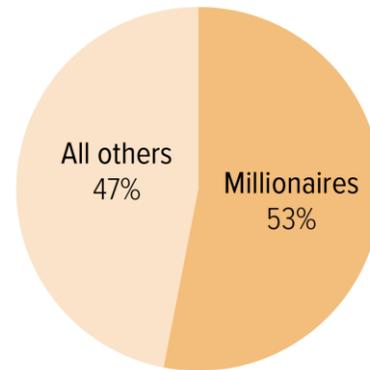
The TPC data also provide additional information on how repeal would affect low- and moderate-income families. The Urban Institute previously estimated that repeal would cause more than 9 million low- and moderate-income people to lose premium tax credits to buy marketplace coverage, many of whom wouldn’t be able to afford adequate health coverage and would end up uninsured. The new TPC estimates show that the loss of these credits would average \$5,740 for the 7 million *households* that are affected in 2025.<sup>4</sup>

Further, the “repeal and delay” approach that the forthcoming ACA repeal legislation will likely reflect, which would eliminate the ACA coverage expansions effective in 2019, would cause several million low- and moderate-income households to lose coverage immediately. By eliminating the individual mandate and throwing the individual health insurance market into disarray, repeal would cause 4.3 million more people to become uninsured in 2017, a recent Urban Institute analysis estimates.<sup>5</sup> Repeal would also create uncertainty about future health security for tens of millions

FIGURE 1

## Millionaires Get Most of the Tax Benefit From Repealing the Affordable Care Act

Share of total tax cut, 2025



Source: Tax Policy Center Table T16-0287

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<sup>3</sup> See Chuck Marr, “Treasury Nominee’s Claims at Odds With Trump Tax Plan,” Center on Budget and Policy Priorities, November 30, 2016, <http://www.cbpp.org/blog/treasury-nominees-claims-at-odds-with-trump-tax-plan>.

<sup>4</sup> TPC table T16-0292. These 7 million households include more than 9 million people.

<sup>5</sup> Linda Blumberg, Matthew Buettgens, and John Holahan, “Implications of Partial Repeal of the ACA Through Reconciliation,” Urban Institute, December 6, 2016, <http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliation>.

more. Altogether by 2019, repeal would leave nearly 30 million more Americans uninsured, more than doubling the number of uninsured under current law, the analysis found.

These consequences would reflect repeal both of the premium tax credits and of the ACA's other coverage provisions. Republicans also plan to repeal the ACA's cost-sharing subsidies, which help families with incomes between the poverty line and 250 percent of the poverty line receiving premium tax credits incur lower out-of-pocket health care expenses, and the ACA's expansion of Medicaid to people with incomes up to 138 percent of the poverty line.

A spokesperson for Grover Norquist's anti-tax group Americans for Tax Reform said of ACA repeal that, "on taxes, it's all easy — it's all dessert."<sup>6</sup> That may be true for millionaires, who will garner tax huge tax cuts. But the loss of premium tax credits and other ACA provisions that help families afford adequate health coverage, as well as the uncertainty that repeal would create for millions of working families, is far from "dessert."

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<sup>6</sup> Brian Faler, "Obamacare repeal could be biggest 2017 tax cut for wealthy," *Politico*, December 8, 2016, <http://www.politico.com/story/2016/12/obamacare-repeal-tax-cut-wealthy-232379>.