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In this issue, I will introduce you to several important provisions about the Patient Protection & Affordable Care Act (otherwise known as ACA, or “Obamacare”). I will discuss why the Act has been ruled constitutional, how it will be paid for, what new taxes you can expect to see implemented, and how Florida will be impacted. I will also provide some helpful links, as well as my thoughts on the ruling. I hope this proves informative to you. Please contact my staff should you have any questions.

NEW TAXES

- ⇒ **PENALTY TAX** for people who don't buy health insurance. Implemented in 2014, the costs range depending on your income
- ⇒ **MEDICINE CABINET TAX**, which eliminates the ability to buy OTC medicine from pre-tax flexible spending acct
- ⇒ **PENALTIES ON NON-MEDICAL WITHDRAWALS** from Healthcare Savings Accounts increased from 10% to 20%
- ⇒ **3.8% surtax** on “investment income” if your adjusted gross income is more than \$200k
- ⇒ **.9% surtax** on Medicare taxes for those making \$200k or more
- ⇒ **10% tax** on indoor tanning
- ⇒ **40% tax** on “Cadillac Health Care Plans,” starting in 2018
- ⇒ **2.3% excise tax** on medical devices costing \$100+

ADDITIONALLY,

- ⇒ **Flexible Spending Account Contributions** will be capped at \$2,500. Previously, there was no tax-related limit on how much you are able to set aside pre-tax for medical expenses.
- ⇒ **Itemized Deductions for Medical Expenses** are only eligible after spending \$10,000 per year on medical expenses. Previously, the threshold was \$7,500.

STAY INFORMED.

Americans for Tax Reform, www.ATR.org, has more detailed information about the new taxes and how they will affect you.

OBAMACARE: HOW DOES IT AFFECT YOU?

As many of you are already aware, the Supreme Court has upheld key portions of the Affordable Care Act as constitutional. Chief Justice Roberts has concluded that the bill is largely an implementation of new taxes. It is only considered “constitutional” under the purview of Congressional taxing authority. The fee operates as a tax and is collected by the IRS in the same manner as a tax—therefore, it is a TAX.

INDIVIDUAL COSTS These taxes are vast and varied and will be gradually phased in to federal tax code with full implementation in 2016. The Congressional Budget Office has estimated that 4 million people are expected to be responsible to pay these new taxes. Individual costs will vary depending on income as it relates to the Federal Poverty Line, with the minimum penalty expected to be \$695 per person, or 2.5% of your income—whichever is greater. The percentage owed will increase with higher incomes, and, starting in 2017, the minimum tax per person rises each year with inflation. While the tax can never exceed the cost of the national average premiums for the lowest cost “bronze” insurance plan offered by the new insurance exchanges, the actual cost of these insurance plans are unknown and are expected to be quite high. To give a rough calculation, a couple with \$100,000 might pay a tax of \$2,025 annually if they chose to go without coverage.

ASSESSMENT A tax is assessed for each month that a person is not covered. It is prorated, as a person who is not covered for a single month would pay 1/12th of the tax that would be due for the whole year. In 2016, that equates to roughly \$57.92 per month.

REFUSAL TO PAY The law prohibits the IRS from putting a person in jail, seizing their property, or filing a tax lien or levy for refusal or failure to pay. The IRS can penalize only by imposing an additional penalty “equal to the total amount of tax evaded,” requiring written notices to the taxpayer and providing for court proceedings. Enforcement proceedings and exact penalties have yet to be spelled by the IRS.

WHO IS ELIGIBLE FOR AN EXEMPTION?

“Individuals who cannot afford coverage”: If an employer offers coverage that would cost more than 8% of their household income.

“Taxpayers with income below filing threshold”: Those who earn too little to be required to file tax returns. For 2011, that threshold is an annual income of \$9,500, but it is expected to increase when the tax goes into effect in 2014.

“Hardships”: The Secretary of Health & Human Services can determine if an individual is eligible for an exemption due to a hardship.

OTHERS: Members of Indian tribes, persons with only brief gaps in coverage, certain religious groups currently exempt from paying Social Security taxes.



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HOW ACA AFFECTS THE STATE OF FLORIDA

Originally, the Patient Protection and Affordable Care Act planned to cut federal Medicaid funding to states who did not expand their coverage. Fortunately, the Supreme Court struck down this provision of the act as unconstitutional, giving Governor Scott the authority to deny the expansion without a penalty. He has also rejected the federal request for the state to create a “health care exchange” system, whereby citizens can shop for government health care policies. This system strikes at the very heart of the free market, as it effectively allows the government to run an industry without competition. Additionally, the Medicaid expansion and exchange system would cost \$1-2 billion a year, amounting to an even greater tax burden on Floridians, and raising the cost of healthcare and killing jobs in the process. I support Governor Scott’s opinion on this issue, and stand by the calls to repeal Obamacare.

SOURCES OF INFORMATION

Below is a list of available sources of information for more details regarding the Affordable Care Act:

- The Supreme Court of the United States blog can be found at <http://www.scotusblog.com>. Here you will find updated information about the Supreme Court ruling, and you may also access the ruling in its entirety. Input “Affordable Care Act” in the search box on the top left of the main page to find what the blog has said so far about the issue.
- Americans for Tax Reform is a foundation started in 1985 by Grover Norquist at President Ronald Reagan’s request. They stand against new tax increases from the federal government as a matter of principle. Serving as a watchdog on taxes, visit their site for detailed information about new taxes at <http://atr.org>
- The federal government has created a webpage that has information about the Patient Protection and Affordable Care Act and how it will affect you. To read the full text of the Act, visit <http://www.healthcare.gov/law/full/>. Aside from the PDF provided, you may also visit the Act section by section, as the law in its entirety is over 900 pages.

MY OPINION ON THE RULING

The day after the ruling, I shared the following message:

“Less Government, Lower Taxes and More Personal Freedom. Those are the fundamental rules that our government should take into account on any decision placed into law. Unfortunately, the Supreme Court passed down a ruling yesterday that attacks those three principles that have made this country great. This decision creates an expansion of our government. It is a tax increase and, more importantly, it is a mandate stating that we, as citizens of this country, must purchase a product that we may or may not need or want. This is a very slippery slope, all under the authority that the Federal Government has the constitutional right to tax its citizens.

Do we have a healthcare problem? Absolutely, but Obamacare is not an answer to solving it. We must send elected officials to Washington that have real ideas on how to solve our problems while keeping in mind the three principles of Less Government, Lower Taxes and More Personal Freedom. Using those three principles, our economy will become stronger and so will our Country”