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“America’s Affordable Health Choices” Act Summary

Phase-In	Tax Provisions	Healthcare Provisions
2010	Certain small businesses with less than 10 employees get 35% credit for cost of providing employee health benefits	<p>Insurance companies cannot deny children coverage for pre-existing conditions</p> <p>Children can remain on parents’ plan until age 26</p> <p>Medicare Part D recipients entering “donut hole” get \$250 rebate</p> <p>Plans can no longer set lifetime limits on coverage</p>
2011	<p>Employers must report value of health benefits on Form W2.</p> <p>Penalty tax for Health Savings Account distributions <i>not</i> used for health care expenses doubles from 10% to 20%.</p>	Medicare Part D recipients entering “donut hole” get 50% discount on certain prescriptions
2013	<p>7.5% floor for deducting medical and dental expenses climbs to 10% (for taxpayers age 65 or older, floor stays at 7.5% until 2016).</p> <p>Healthcare flexible spending account contributions are capped at \$2,500 per year.</p> <p>Hike Medicare tax to 3.8% of earned income above \$200,000 (individuals) or \$250,000 (joint filers)</p> <p>Impose Medicare tax of 3.8% on “investment income” for filers with adjusted gross income above \$200,000 (individuals) or \$250,000 (joint filers)</p>	Limit deduction for health insurer’s executive compensation to \$500,000
2014	<p>Businesses with >50 employees must offer health coverage or pay penalty of \$2,000/employee</p> <p>Most individuals must buy coverage or face penalty up to \$695 or 2.5% of income</p>	<p>Insurance companies cannot deny adults coverage for pre-existing conditions</p> <p>Plans can no longer set annual limits on coverage</p> <p>Medicaid expands to cover all Americans with income up to 133% of poverty line</p> <p>State-run insurance “exchanges” begin offering coverage to individuals and small businesses</p>
2018	Impose excise tax on “Cadillac plans” costing above \$10,200 (singles) or \$27,500 (families)	