

**TIMELINE OF TAX PROVISIONS UNDER
THE PATIENT PROTECTION AND AFFORDABLE CARE ACT**

	PPACA	EFFECTIVE DATE	RECONCILIATION AGREEMENT
SMALL BUSINESS TAX CREDITS	Small businesses and eligible tax-exempt employers required to make certain non-elective contributions toward the costs of employee health benefits eligible for a small business credit to offset the cost of employee health insurance	Amounts paid or incurred after December 31, 2009	No change
MEDICARE PART D EMPLOYER ACCOUNTING CHANGE	Repeal of the deduction for expenses allocable to the Medicare Part D subsidy. IMMEDIATE CHANGE TO EMPLOYER ACCOUNTING REPORTS: FAS 109 requires employers to immediately take a charge against current earnings to reflect the higher anticipated tax costs and higher FAS 106 liability	Taxable years beginning after December 31, 2010	Delays repeal of the deduction for expenses allocable to the Medicare Part D subsidy for two years, taking effect beginning after December 31, 2012
SEC. 833 TREATMENT (BLUE CROSS)	Limits the special deduction for Blue Cross Blue Shield organizations of 25% of the amount by which certain claims, liabilities, and expenses incurred on cost-plus contracts exceed the	Taxable years beginning after December 31, 2009	No change

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	organizations' adjusted surplus. The special deduction available only to those otherwise qualifying organizations that expend at least 85% of their total premium on reimbursement for clinical services provided to enrollees		
THERAPEUTIC DISCOVERY CREDIT	A credit for businesses with 250 or fewer employees that make a qualified investment in acute and chronic disease research during 2009 or 2010	Amounts paid or incurred after Dec. 31, 2008	No change
INDIAN HEALTH BENEFITS	Native Americans may exclude from gross income the value of qualified health benefits received directly or indirectly from the Indian Health Service or from an Indian tribe or tribal organization	Effective for health benefits and coverage provided after the date of enactment	No change
NONPROFIT HOSPITALS REPORTING REQUIREMENTS	Non-profit hospitals must meet new requirements to satisfy tax exempt status	Generally, the requirements apply to taxable years beginning after the enactment date, however, the community health needs assessment requirement applies to taxable years beginning two years after the date of enactment	No change
EXCISE TAX ON INDOOR TANNING	10% excise tax on amounts paid for indoor tanning services, whether or not an	Services performed on or after July 1, 2010	No change

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	individual's insurance policy covers the service. Service provider to assess tax on customer		
W2 REPORTING	Employers must include on W2s the aggregate cost of employer-sponsored health benefits. If employee receives health insurance coverage under multiple plans, the employer must disclose the aggregate value of all such health coverage, but exclude all contributions to HSAs and Archer MSAs and salary reduction contributions to FSAs	Effective after 2010	No change
CAFETERIA PLAN NONDISCRIMINATION SAFE HARBOR	Small employers (generally those with 100 or fewer employees) allowed to adopt new "simple cafeteria plans." In exchange for satisfying minimum participation and contribution requirements, these plans treated as meeting the nondiscrimination requirements that would otherwise apply to the cafeteria plan	Taxable years beginning after December 31, 2010	No change
MEDICAL EXPENSE CHANGES FOR HSAs, FSAs, HRAs, MSAs	Conforms the definition of medical expense for purposes of employer-provided health coverage (including reimbursements under employer-sponsored health plans, HRAs, and	Tax years beginning after December 31, 2010	No change

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	Health FSAs), HSAs, and MSAs to the definition for purposes of the itemized deduction for medical expenses. Thus, eliminates nontaxable reimbursements of over-the-counter medications unless the over-the-counter medications are prescribed by a doctor. Prescribed medicines, drugs, and insulin will still qualify for nontaxable reimbursements from those accounts		
INCREASED PENALTIES FOR HSA DISTRIBUTIONS	Increases the penalties for withdrawals from HSAs and Archer MSAs not used for qualified medical expenses from 10 to 20 percent for HSAs and from 15 to 20 percent for Archer MSAs	Effective for tax years beginning after December 31, 2010	No change
PhRMA INDUSTRY FEES	Annual nondeductible fee on pharmaceutical manufacturers and importers of branded prescription drugs (including certain biological products). The aggregate annual fees, based on market share, to be imposed on covered entities will be \$2.3 billion, beginning in 2010	Payable in 2010 with respect to sales in 2009	Increases fee structure by \$4.8 billion over 10 years, payable in 2011 for sales in 2010
NEW LIMIT ON FSAs	Imposes a limit of \$2,500 per taxable year on employee salary reductions for coverage	Beginning for years after 2010	Delay the annual \$2,500 limitation on FSA contributions by two years. The limitation would then

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	<p>under a cafeteria plan FSA. The limit, which does not apply to health reimbursement arrangements, is indexed for inflation based on CPI-U, after 2011. If a cafeteria plan does not contain the required limitation, then benefits from the FSA will not be qualified benefits.</p>		<p>take effect beginning with years after 2012. The limit would be indexed for inflation based on CPI-U after 2013</p>
<p>ANNUAL FEES ON HEALTH INSURANCE PROVIDERS</p>	<p>Nondeductible annual fees on U.S. health insurance providers. Fee does not apply to accident and disability, indemnity, long-term, or Medicare supplemental insurance. Apportioned among the providers based on market share and is calculated by taking the provider's net premiums written with respect to health insurance as a percentage of the total net premiums written with respect to health insurance for all U.S. health insurance providers. Does NOT apply to self-insured plans, governmental entities (other than those providing insurance through the Act's community health insurance option), certain nonprofit insurers of last resort, and certain nonprofit</p>	<p>Payable in 2011, with respect to net premium written in 2010</p>	<p>Delays the effective date of the fee imposed on health insurance providers by three years (until 2014). The proposal would also create limited exceptions for plans that serve a critical purpose, including plans serving a high percentage of seniors and disabled individuals. For tax-exempt service providers, only 50% of net premiums written would be taken into account. The fee would equal \$8 billion for 2014, \$11.3 billion for 2015 and 2016, \$13.9 billion for 2017, and \$14.3 billion for 2018. For years after 2018, the fee would be the amount applicable for the preceding year, increased by the rate of premium growth as calculated for the premium tax credits included in the Act</p>

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	insurers with a medical loss ratio of 90 percent or more		
ANNUAL FEES ON MEDICAL DEVICE MANUFACTURERS	New (nondeductible) annual fees imposed on medical device manufacturers and importers, according to market share, in the amounts of \$2 billion for the years 2011 through 2017 and \$3 billion for years after 2017	Beginning in 2011	Converts the fee on medical device manufacturers to an excise tax of 2.3 percent of the price for which the medical device is sold and delaying the effective date until 2013 (from 2011). The tax would not apply to eyeglasses, contact lenses, hearing aids, and any other device deemed by the Secretary to be of the type available for regular retail purposes
BUSINESS PAYMENT (1099) REPORTING	Expands obligation of persons engaged in a trade or business to report on payments of other fixed and determinable income or compensation. Extends reporting to include payments made to corporations other than corporations exempt from income tax under section 501(a). Also expands the kinds of payments subject to reporting to include reporting of the amount of gross proceeds paid in consideration for property or services	Effective for payments made after December 31, 2011	No change
TAX ON INSURERS TO FUND COMPARATIVE EFFECTIVENESS	As financing mechanism to fund Patient Centered Outcome Research, imposes a fee on private insurance plans equal to \$2 for each individual covered under a specified	Effective for each policy plan year ending after September 30, 2012, but does not apply to policy years ending after September 30, 2019	No change

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	individual or group health insurance policies		
MEDICARE PAYROLL TAX INCREASES	Beginning in 2013, additional 0.9 percentage Medicare Hospital Insurance tax (HI tax) on self-employed individuals and employees with respect to earnings and wages received during the year above \$200,000 for individuals, and above \$250,000 for joint filers (unindexed). Does not change employer HI tax obligations. Self-employed individuals are not permitted to deduct any portion of the additional tax	Additional HI tax applies to wages received and taxable years beginning after December 31, 2012	In addition to 0.9 percentage point HI Medicare payroll tax increase on wages, Reconciliation measure would also levy new 3.8% Medicare contribution on certain unearned income from individuals with AGI over \$200,000 (\$250,000 for joint filers)
HEALTH INSURER EXECUTIVE COMPENSATION LIMITS	\$500,000 deduction limitation on taxable year remuneration to officers, employees, directors, and service providers of covered health insurance providers	Effective for remuneration paid in taxable years beginning after 2012 with respect to services performed after 2009. Thus, the limits will apply to current compensation paid in years after 2012, but will apply to deferred compensation earned after 2009	No change
ITEMIZED DEDUCTION FLOOR FOR MEDICAL EXPENSES	Increases the threshold for claiming an itemized deduction for unreimbursed medical expenses for regular tax purposes from 7.5 percent of the	generally applies for taxable years beginning after December 31, 2012. For any taxpayer who is age 65 and older or whose	No change

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	taxpayer's AGI to 10 percent. does not change the current-law 10 percent of AGI threshold that applies under the alternative minimum tax	spouse is 65 or older, the threshold for regular tax purposes remains at 7.5 percent until 2017	
EXCISE TAX ON HIGHER COST 'CADILLAC' EMPLOYER HEALTH PLANS	40% nondeductible excise tax levied at insurer level on employer-provided health coverage in excess of \$8,500 for individuals (\$23,000 for families), indexed for inflation, with higher thresholds for retirees over age 55 and employees in certain high-risk professions. Transition relief for 17 identified high-cost states	Tax years beginning after December 31, 2012	Delays effective date until 2018. Increases premium threshold to \$10,200 for individuals (\$27,500 for families). Inflation adjustment for CPI-U after 2019 (CPI-U plus 1% only for 2019)
INDIVIDUAL INSURANCE COVERAGE MANDATE	For those who fail to obtain adequate coverage, excise tax of the greater of \$750 or 2% of income per adult in household; capped at national average bronze premium. Tax phase in beginning at \$95 or 0.5% income in 2014, reaching \$750 or 2% of income in 2016 (indexed for inflation thereafter)	Tax years beginning after December 31, 2013	Phases in tax beginning at the greater of \$95 or 1% of income in 2014, reaching \$695 or 2.5% of income in 2016 (indexed for inflation thereafter). Extends exclusion for employer-provided health care for adult children up to age 26
EMPLOYER MANDATE FOR HEALTH COVERAGE	No mandate, but employers with at least 50 full-time employees generally would be subject to nondeductible fees if they:	Tax years beginning after December 31, 2013	Employers not offering coverage to employees subject to fee of \$2,000 per employee (first 30 employees are not counted in the payment calculation). No assessment for workers

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	<p>Do not offer coverage to employees (\$750 per full-time employee)</p> <p>Impose a waiting period of more than 30 days for employees to enroll in employer plan</p> <p>Offer coverage but have at least one full-time employee receive premium assistance tax credit (less of \$3,000 for each employee receiving a tax credit or \$750 for each full-time employee)</p>		<p>in a waiting period, but retains 90-day limit on length of any waiting period beginning in 2014</p>