

## Q&A – The House Health Care Surcharge

### What is the House health care surcharge?

The House of Representatives is proposing a small additional tax, or **surcharge**, on the wealthiest Americans to raise money for health care reform.

### Who would have to pay the surcharge?

Only the wealthiest 1% of Americans. The surcharge would apply to individuals earning **more than \$280,000** and couples earning **more than \$350,000**. (Note: \$280,000 a year is a little over **\$134 an hour**, or more than **\$5300 a week!**)

Individuals earning more than \$500,000 a year (about \$240 an hour) would pay at a higher rate, and those earning over \$1 million a year (more than \$480 an hour) would pay even more.

### How much is the surcharge? When does it kick in?

The proposal calls for a surcharge to take effect in **2011** and begin at **1 percent of adjusted gross income** (this refers to all earnings before deductions). So someone who makes \$300,000 (\$20,000 more than the \$280,000 cutoff) would only have to pay \$200 a year, or about \$4 a week.

### How much money does the tax raise, and what is it for?

The surcharge on the wealthiest 1% would generate about **\$550 billion over 10 years**. This covers about half the cost of health care reform. The public health insurance plan option, employer mandate and reduced spending on Medicare will cover the remaining costs.

### What does America get for all this money?

**Health care reform -- lower costs and higher quality and guaranteed coverage at the same time.** Health care reform requires an initial investment by the federal government. That's why we need the surcharge. But within 10 years as costs go down there is an actual drop in federal spending.

### How important is a public health insurance plan option in holding down costs?

The public option makes reform work. It will significantly slow the growth of premiums and out-of-pocket spending for **all** Americans, according to an independent study. When President Obama said a public option would keep private insurance companies honest, he was right.

An independent Commonwealth Fund study of a plan similar to the House bill shows a public option holds down private premium hikes whether or not private insurers implement cost controls. The study estimates that the average American household will save \$1634. In 10 years that comes out to \$1.6 **trillion** dollars.

**Add it up.** A small surcharge on the wealthiest 1% buys health care reform for America. That's not much to finally get a handle on health care costs that are dragging down the entire economy. The wealthy will even get a big chunk of their money back in savings. Their premiums won't go up as fast, and nobody will have to pay the hidden \$1000 insurance premium add-on to cover costs for uncompensated care. The House health care surcharge is a fiscally responsible investment. It will pay steady returns every year from now on.