



Fast Facts

South Carolina Policy Council

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Push Back:

How South Carolina Can Respond to “Obamacare”

THE PROBLEM: The new federal health care takeover will add trillions to the nation’s debt, raise taxes by \$669 billion, heap burdensome regulations on South Carolina businesses, and spark sharp increases in insurance rates for consumers.

- **NEW TAXES:** At least 9 of them, at a cost of nearly \$700 billion over 10 years.
- **NEW PENALTIES:** Businesses with 50 or more employees must provide “minimum essential coverage” or be fined \$2,000 per employee.
- **HIGHER COSTS:** Premiums, co-pays, and out-of-pocket maximums are already rising – by as much as 59% in some markets.
- **FEWER CHOICES:** More than \$1.4 billion in new taxes on HSAs.
- **A FLOOD OF NEW REGS:** 1,000 pages per month of new regulations, including onerous 1099 filing requirements.

THE REMEDY: Hopes for Congressional repeal are just that – hopes. Instead of waiting and hoping for the best, lawmakers should take bold action now by pushing back against new federal health care taxes and regulations.

- 1) **Create personal income tax deductions that encourage health care choice**
 - » Provide a 100% income tax deduction for out-of-pocket insurance premiums.
 - » Create a \$1,000 “medical income tax deduction” to offset rising health care costs.
 - » Enact a moratorium on all state-based capital gains taxes.
- 2) **Cut insurance premium taxes to lower consumer health care costs**
 - » Cut the current 1.25 percent insurance premium tax in half to help remedy new taxes.
- 3) **Suspend sales taxes on health care goods and services**
 - » Expand the prescription drug sales tax exemption to temporarily include all health care goods and services, resulting in a savings of 5% for all consumers.
- 4) **Exercise executive oversight over federal funding to reduce state spending**
 - » The governor should review all federal health care funding and suspend rulemaking arising from the new federal health care law.
- 5) **Create a climate of competition**
 - » Eliminate costly coverage mandates and encourage out-of-state insurance plans.
 - » Join 14 other states *and* the federal government in scrapping Certificates of Need (CONs).
 - » Pursue creative ways to opt out of specific federal health care mandates.

To learn more about how South Carolina can push back against the federal health care takeover, see our new policy brief: [State Tax Reform Can Ease the Pain of the Federal Health Care Takeover](#)

The new federal health care takeover imposes at least 9 new taxes . . .

- **1% payroll tax increase**
- **3.8% capital gains tax increase**
- **Limits on itemized medical deductions**
- **Limits on HSA withdrawals and purchases**
- **Multibillion dollar tax on prescription drugs**
- **Multibillion dollar tax on insurers**
- **40% tax on comprehensive insurance plans**
- **2.9% federal sales tax on medical equipment**
- **10% tax on tanning services**