

Table T09-0228
Various Reforms of the ESI Exclusion
Impact on Tax Revenue (\$ billions), 2010-19

	Calendar Year										5 Year 2010-2014	10 Year 2010-2019
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Remove Exclusion												
Individual Income Tax	144.8	161.0	179.4	196.7	213.6	231.4	250.2	269.6	292.7	316.6	895.5	2255.9
Payroll Tax	95.7	100.5	108.4	116.4	123.9	131.9	140.6	149.3	159.8	170.5	544.9	1297.1
Total	240.5	261.4	287.8	313.1	337.6	363.3	390.8	418.9	452.5	487.1	1440.4	3553.0
2. Impose Unindexed Cap on ESI Exclusion												
Individual Income Tax	10.8	18.2	29.6	41.7	55.2	69.9	86.2	103.4	124.0	145.8	155.4	684.6
Payroll Tax	7.4	11.8	18.6	25.7	33.2	41.3	50.1	59.1	69.7	80.7	96.8	397.8
Total	18.2	30.1	48.2	67.4	88.4	111.2	136.2	162.5	193.7	226.5	252.2	1082.4
3. Impose Cap on ESI Exclusion Indexed by CPI												
Individual Income Tax	10.3	16.2	24.9	33.8	43.6	54.2	66.3	79.2	95.1	112.2	128.9	535.8
Payroll Tax	7.1	10.5	15.7	20.8	26.3	32.1	38.6	45.4	53.7	62.4	80.3	312.6
Total	17.4	26.7	40.6	54.6	69.9	86.3	104.9	124.6	148.8	174.6	209.2	848.4
4. Impose Cap on ESI Exclusion Indexed by Medical Expenses												
Individual Income Tax	6.1	6.7	8.2	9.1	10.0	10.9	11.8	12.4	13.8	15.3	40.1	104.3
Payroll Tax	4.1	4.2	5.1	5.5	5.9	6.3	6.8	7.0	7.7	8.4	24.8	61.0
Total	10.2	10.9	13.3	14.6	15.9	17.2	18.6	19.3	21.5	23.6	64.9	165.2
5. Impose 90th Percentile Unindexed Cap on ESI Exclusion												
Individual Income Tax	3.0	6.4	13.4	22.6	34.5	48.1	63.5	80.1	100.0	121.3	79.8	492.8
Payroll Tax	2.0	4.1	8.4	13.9	20.9	28.6	37.2	46.1	56.6	67.5	49.3	285.2
Total	4.9	10.5	21.8	36.6	55.4	76.7	100.7	126.1	156.5	188.8	129.1	778.0
6. Impose 90th Percentile Cap on ESI Exclusion Indexed by CPI												
Individual Income Tax	2.8	5.3	10.1	15.8	23.0	31.6	42.1	53.6	68.0	83.8	56.9	336.0
Payroll Tax	1.8	3.4	6.3	9.7	13.9	18.8	24.7	30.9	38.7	46.9	35.1	195.1
Total	4.6	8.7	16.4	25.5	36.8	50.5	66.8	84.5	106.7	130.7	92.0	531.1
7. Impose 90th Percentile Cap on ESI Exclusion Indexed by Medical Expenses												
Individual Income Tax	1.5	1.6	2.1	2.3	2.5	2.7	3.0	3.1	3.4	3.8	10.0	26.0
Payroll Tax	1.0	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.8	2.0	5.9	14.5
Total	2.4	2.6	3.3	3.6	3.9	4.2	4.6	4.7	5.3	5.8	15.9	40.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-2).

Estimates are static. Baseline is current law. The 2009 caps based on average premiums are \$5,370 for single coverage, \$10,277 for single-plus-one coverage, and \$13,226 for family coverage. The 2009 caps based on the 90th percentile of premiums are \$6,004 for single coverage, \$11,974 for single-plus-one coverage, and \$15,290 for family coverage.