

Table T09-0257

Replace ESI Exclusion and Self-Employment Health Insurance Deduction With Voucher to Purchase Private Insurance<sup>1</sup>

	Calendar Year											5 Year 2010-2014	10 Year 2010-2019
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
<b>Revenue Loss Assuming Baseline Growth (billions\$)</b>	602.9	640.9	670.9	717.1	768.4	825.2	884.1	948.6	1,016.5	1,090.2	1,167.8	3,622.5	8,729.8
<b>Required VAT Rate<sup>2</sup></b>	6.7%	6.9%	6.9%	6.9%	7.0%	7.1%	7.3%	7.5%	7.6%	7.82%	8.01%		
<b>Revenue Loss Assuming Lower Growth Rate for Medical Costs (billions\$)</b>	602.9	632.6	653.4	688.9	728.2	771.4	815.2	862.7	911.8	964.3	1,018.3	3,474.5	8,046.8
<b>Required VAT Rate</b>	6.7%	6.8%	6.8%	6.6%	6.6%	6.7%	6.7%	6.8%	6.9%	6.9%	7.0%		

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

1. Baseline is current law. Proposal replaces the employer sponsored insurance deduction and self-employment health insurance deduction with a voucher to purchase private insurance. Individual voucher value depends on age and gender; the total voucher for each tax unit is the sum of each individual's voucher. Only individuals not on public insurance receive a voucher.

2. The rate is based on a VAT applied to a comprehensive consumption base.