

The Dangerous and Misleading “No Taxpayer Funding for Abortion Act”

H.R. 3, also known as the “No Taxpayer Funding for Abortion Act,” is a dangerous and misleading bill that raises taxes and increases costs on millions of individuals and families and threatens to take away coverage for abortion that women already have.

H.R. 3 Would Raise Taxes on Potentially Millions of Individuals and Small Businesses that Keep the Insurance Plans They Currently Have. Right now, most insurance plans include coverage of abortion. H.R. 3 makes any small business or individual that has a health care plan that includes coverage of abortion ineligible for the small business health tax credit and the premium assistance tax credit, thereby raising taxes on potentially millions of otherwise-eligible small business owners and individuals. If this bill were enacted, millions of individuals and small businesses will face significant increased costs just for keeping the comprehensive insurance coverage they currently have. Below are hypothetical examples of the harm that millions of individuals and businesses would face if they keep their abortion coverage:

- The Small Business Health Tax Credit is worth up to 35 percent of an eligible small business’s premium costs in 2010 and will be worth up to 50 percent in 2014.¹ Right now, a restaurant with forty half-time employees, wages totaling \$500,000, and \$240,000 per year in health care costs, will be eligible for the credit. If the restaurant’s health insurance plan includes coverage of abortion, **H.R. 3 would increase the restaurant’s taxes by \$28,000.**
- A single mother with two young children struggled to find insurance coverage in the individual market. Because the family earned just \$24,000 per year and was not offered health insurance through her employer, the family would be eligible in 2014 to buy health insurance through an Exchange and would be eligible for a premium assistance tax credit to help defray its cost. If the family’s health insurance plan includes coverage of abortion, **H.R. 3 would cost a single mother earning \$24,000 per year \$3,173 in premium assistance.**

H.R. 3 Would Impose Other Tax Increases on Women Who Need Abortion Care

H.R. 3 would also impose tax increases on women who use their tax preferred savings accounts to pay for abortion services. Under current law, individuals or employers can contribute to these accounts, which are exempt from taxation, so that such funds will be available for medical needs.² Under H.R. 3, the amount paid, or any reimbursement for, an abortion would have to be included in the individual’s gross income, meaning that the individual would lose this tax benefit.

H.R. 3 would raise taxes on a woman who spends a large percentage of her income on health needs if part of her health care includes abortion. Currently, medical expenses that exceed 7.5% of a taxpayer’s gross income are deductible.³ Under H.R. 3, a woman with serious medical complications who requires an abortion that costs thousands of dollars would not be able to deduct the cost of her abortion. She would have to pay higher income taxes than a person with a

similarly serious and expensive medical problem because her treatment required that her pregnancy be terminated.

H.R. 3 Could Limit or Even Shut Down the Private Market for Insurance Coverage that Includes Abortion. By raising taxes on certain individuals and employers, H.R. 3 could force individuals and employers to drop abortion from their health insurance plans, leaving millions without abortion coverage and taking away a critical benefit that many people currently have. H.R. 3 distorts the private market by driving customers away from plans that include abortion coverage, which would likely result in plans dropping such coverage.⁴ Some have also argued that H.R. 3 could result in the elimination of abortion coverage from the private insurance market altogether, making such coverage unavailable to anyone.⁵

H.R. 3 Would Make Dangerous Restrictions on Abortion Coverage Permanent. H.R. 3 makes permanent the restrictions on abortion coverage for the tens of millions of women who depend on the government for their health care. This includes women currently covered under Medicaid, women who will become newly eligible for Medicaid under the Affordable Care Act, women serving in the U.S. military, federal employees, residents of the District of Columbia, women in federal prisons and women covered by the Indian Health Service. These harmful restrictions endanger women's health and place particular burdens on low-income women and women in vulnerable places in the service of their country, such as women in the military and the Peace Corps, for whom coverage restrictions present insurmountable barriers to obtaining abortion services.

H.R. 3 Contains No Exceptions for Circumstances Where a Woman Faces Even Serious Health Consequences H.R. 3 does not make any exceptions for abortions that are necessary to save a woman's health, such as in cases where continuing the pregnancy could result in permanent damage to a woman's heart, lungs, or kidneys. Pregnancy can worsen some serious health conditions, as well as prevent treatment of certain conditions, such as cancer. Under H.R. 3, women would be left without insurance coverage for pregnancy termination necessitated by medical complications, which can cost thousands of dollars.

¹ I.R.C. § 45R (2010).

² 26 U.S.C. § 106 (2011).

³ I.R.C. § 213 (2010).

⁴ The Joint Committee on Taxation testified that it is likely that under H.R. 3, small employers will drop abortion coverage. *See* Subcommittee on Select Revenue Measures of the House Committee on Ways and Means Hearing on H.R. 3, 112th Cong. (Mar. 16, 2011) (testimony of Thomas A. Barthold, Chief of Staff, Joint Cmte. on Taxation).

⁵ *See* No Taxpayer Funding for Abortion Act: Hearing Before the Subcomm. on the Constitution of the H. Comm. on the Judiciary, 112th Cong. (Feb. 8, 2011) (testimony of Sara Rosenbaum, Chair, Dept. of Health Pol'y, George Washington Univ. Sch. Pub. Health and Health Servs.).