



Costs of Corruption

Tax Bill Leads to Higher Health Premiums and Big Tax Cuts for the Rich

By Alex Rowell and Seth Hanlon June 19, 2018

President Donald Trump promised that [“the rich will not be gaining at all”](#) from tax reform and that his administration would make health insurance [“a lot less expensive.”](#) Yet when he signed the tax bill into law in December 2017, he broke both of these promises. The wealthy will see enormous windfalls, paid for in part by an undermining of the Affordable Care Act (ACA), and some families will face increases in health care premiums far larger than the average tax cuts received by working- and middle-class families across the country.

The tax cuts contained in the congressional GOP tax bill are tilted dramatically to the richest taxpayers. The bill’s massive corporate tax cuts, creation of a new loophole for certain business owners, and elimination of the estate tax are [all targeted toward those at the top of the income scales](#). As a result, in 2019, the average member of the top 1 percent will see a tax cut [81 times larger](#) than the average working- and middle-class family in the bottom 80 percent of the income distribution.

Largely due to these massive tax cuts for the wealthy, the final tax bill adds [\\$1.9 trillion](#) to deficits over the next 10 years. Incredibly, in order to partially pay for the bill, President Trump and the majority in Congress chose to undermine Americans’ access to health care. The tax bill repeals the individual mandate, a key component of the ACA. The individual mandate [helped keep premiums affordable](#) by encouraging healthier individuals to sign up for health insurance.

The Congressional Budget Office estimates that repealing this mandate will [increase premiums by an additional 10 percent in 2019](#) and result in [about 9 million](#) fewer people being insured in 2027. These premium increases can seriously harm the financial well-being of affected families. Nationally, the average annual benchmark plan premiums for a family of four would [rise by \\$1,990](#) in 2019 as a result of the repeal of the individual mandate alone. And as shown in the table below, the premium increases are even more devastating in states with more expensive health insurance markets. Additional ACA sabotage from the Trump administration is [adding even more](#) to the costs.

Driving up families' health care costs in order to help pay for tax cuts for the top 1 percent is inexcusable. Despite the president's promises, the rich gained hugely from the tax bill, and health insurance costs are on the rise. Policymakers should prioritize improving the lives of working- and middle-class Americans, not on [delivering tax cuts to their wealthy donors](#) by any means necessary.

TABLE 1
State-by-state data on tax cuts and marketplace premium increases from the GOP tax law

State	Average tax cut to bottom 80 percent of families, 2019	Average tax cut to top 1 percent of families, 2019	Marketplace premium increase in 2019 from repeal of the individual mandate
National average	-\$680	-\$55,190	\$1,990
Alabama	-\$531	-\$49,660	\$2,230
Alaska	-\$820	-\$73,010	\$2,900
Arizona	-\$681	-\$54,250	\$2,060
Arkansas	-\$549	-\$42,220	\$1,450
California	-\$774	-\$26,890	*
Colorado	-\$777	-\$62,920	*
Connecticut	-\$685	-\$71,030	*
Delaware	-\$725	-\$40,780	\$2,350
District of Columbia	-\$694	-\$81,240	*
Florida	-\$547	-\$98,480	\$1,860
Georgia	-\$543	-\$64,620	\$1,930
Hawaii	-\$774	-\$39,420	\$1,750
Idaho	-\$609	-\$48,220	*
Illinois	-\$811	-\$58,750	\$1,940
Indiana	-\$722	-\$48,840	\$1,360
Iowa	-\$753	-\$43,060	\$2,850
Kansas	-\$790	-\$60,150	\$2,070
Kentucky	-\$553	-\$37,870	\$1,690
Louisiana	-\$519	-\$54,230	\$1,900
Maine	-\$601	-\$31,900	\$2,350
Maryland	-\$670	-\$52,360	*
Massachusetts	-\$856	-\$84,720	N/A
Michigan	-\$701	-\$57,700	\$1,520
Minnesota	-\$774	-\$42,700	*
Mississippi	-\$469	-\$35,970	\$2,080

continues

State	Average tax cut to bottom 80 percent of families, 2019	Average tax cut to top 1 percent of families, 2019	Marketplace premium increase in 2019 from repeal of the individual mandate
Missouri	-\$610	-\$48,840	\$2,120
Montana	-\$515	-\$52,550	\$2,100
Nebraska	-\$753	-\$50,750	\$3,070
Nevada	-\$762	-\$104,700	\$1,730
New Hampshire	-\$929	-\$57,320	\$1,900
New Jersey	-\$729	-\$30,440	N/A
New Mexico	-\$676	-\$38,440	\$1,660
New York	-\$590	-\$29,890	*
North Carolina	-\$576	-\$44,760	\$2,510
North Dakota	-\$744	-\$60,280	\$1,510
Ohio	-\$629	-\$47,510	\$1,480
Oklahoma	-\$548	-\$49,950	\$2,630
Oregon	-\$673	-\$33,570	\$1,650
Pennsylvania	-\$645	-\$53,580	\$2,300
Rhode Island	-\$639	-\$43,400	*
South Carolina	-\$570	-\$48,520	\$2,080
South Dakota	-\$704	-\$88,650	\$2,080
Tennessee	-\$591	-\$56,820	\$2,970
Texas	-\$688	-\$80,350	\$1,730
Utah	-\$759	-\$68,960	\$2,100
Vermont	-\$720	-\$33,400	*
Virginia	-\$690	-\$60,440	\$2,140
Washington	-\$901	-\$90,480	*
West Virginia	-\$425	-\$28,120	\$2,180
Wisconsin	-\$724	-\$53,430	\$2,270
Wyoming	-\$729	-\$108,880	\$3,460

* Premium data were not available for these states.

Note: The premium increase for each state due to the mandate represents a 10 percent increase in the estimated average 2019 annual premium for the marketplace benchmark plan for an unsubsidized family of four—parents ages 40 and 38 and two children under age 14. Massachusetts and New Jersey have state-level individual mandates.

Sources: Authors' analysis using data from Institute on Taxation and Economic Policy, "The Final Trump-GOP Tax Plan: National and 50-State Estimates for 2019 & 2027" (2017), available at <https://itep.org/finalgop-trumpbill/>; Sam Berger and Emily Gee, "The Senate Tax Bill Threatens Access to Health Care," Center for American Progress, November 16, 2017, available at <https://www.americanprogress.org/issues/healthcare/news/2017/11/16/442906/senate-tax-bill-threatens-access-health-care/>.

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