**Individual Refundable Tax Credit**

**Summary:** The premium assistance credit amount is calculated on a sliding scale starting at two percent of income for those at or above 133 percent of poverty and phasing out to 9.5 percent of income for those at 400 percent of poverty. The reference premium is the second lowest cost Silver Plan available in the individual market in the rating area in which the taxpayer resides. The premium assistance credits do not take into account benefits mandated by States. Employees offered coverage by an employer under which the plan's share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs or the premium exceeds 9.5 percent of the employee's income are eligible for the premium assistance credit. This section also provides for reconciliation of the premium assistance credit amount at the end of the taxable year and for a study on the affordability of health insurance coverage by the Comptroller General.

**Status Updates:**
- On August 12, 2011, the Treasury Department issued proposed regulations implementing the premium tax credit, with comments due October 31, 2011.
- The Treasury Department also announced a public hearing on November 17, 2011, with comments due by November 10, 2011.

**Next steps:**
- December 15, 2010 -- President signed H.R. 4994, the "Medicare and Medicaid Extenders Act of 2010" (PL 111-309), which among other things altered the reconciliation process for the individual refundable tax credit.
- August 12, 2011 -- Treasury Department issued proposed regulations implementing this section.
- October 31, 2011 -- Comments due to August 12, 2011 proposed regulations.
- November 17, 2011 -- Public hearing regarding this topic.
- January 1, 2014 -- Individual refundable tax credit available.

**Additional information:**
- Information regarding PL 111-309 -- [http://hdl.loc.gov/loc.uscongress/legislation.111hr4994](http://hdl.loc.gov/loc.uscongress/legislation.111hr4994)
Long summary:

Sec. 1401. Refundable tax credit providing premium assistance for coverage under a qualified health plan (as modified by sec. 10105, sec. 1001 of HCERA, and sec. 1004 of HCERA)

Creates a new refundable premium assistance tax credit for coverage under a qualified health plan for individuals with household income up to 400% of the federal poverty level (FPL). Individuals must be citizens or lawful US residents, and enroll in a qualified health plan through a state Exchange. (Individuals who receive a free choice voucher payment from an employer for a month under sec. 10108 are not eligible for the credit for that month.) Individuals eligible for a premium assistance tax credit may enroll in any qualified health plan other than a catastrophic plan.

Amount of credit. The premium credits will be set on a sliding scale such that the premium contributions are limited to the following percentages of income:
- Up to 133%: 2-2% of income
- 133-150% FPL: 3 - 4% of income
- 150-200% FPL: 4 – 6.3% of income
- 200-250% FPL: 6.3 – 8.05% of income
- 250-300% FPL: 8.05 – 9.5% of income
- 300-400% FPL: 9.5 – 9.5% of income

Indexes the affordability premium credits after 2013 to maintain the ratio of government to enrollee shares of the premiums over time. Starting in 2019, constrains the growth in tax credits if premiums are growing faster than the consumer price index, unless spending is more than 10% below current CBO projections.

Pegged to silver plan. The value of the credit for a month equals the lesser of the monthly premiums for the plan in which the individual or family is enrolled, or the amount by which the monthly cost of the second lowest cost silver plan premium exceeds the individual’s premium contribution amount as calculated using this table. The silver plan premium to be used is that for the second lowest-cost silver plan offered through the Exchange for the area where the individual resides, adjusted for age and applicable to the individual or family as appropriate. (Special rules apply in the case of couples filing a joint return and one of them is ineligible for the credit because he or she is not lawfully present.) Any wellness discounts are not counted in computing the premium.

State mandated benefits. Benefits offered in excess of the essential health benefits, including any benefits mandated by state law, will not be counted in determining the premium for calculation of the premium tax credit, under rules to be prescribed by the Secretary of HHS.

Pediatric dental coverage. In the case of individuals enrolling in a both a qualified health plan and a stand-alone plan providing for pediatric dental coverage, amounts allocable to pediatric dental coverage will be included in the premium for calculating the premium tax credit, under regulations prescribed by the Secretary.
**Legal immigrants.** Legal immigrants with incomes at or below 100% of FPL who are not eligible for Medicaid or CHIP due to the 5-year waiting period are eligible for the premium tax credit, and treated as if their income was 100% of FPL for the purpose of the premium tax credit calculation.

**Married taxpayers.** Married taxpayers must file a joint return to be eligible for a premium tax credit. Dependents not directly eligible for the tax credit. No tax deduction is allowed for the portion of premiums paid for with the tax credit.

**“Too costly” employer plans.** Individuals eligible for minimum essential coverage other than in the individual insurance market are generally not eligible for the credit. However, individuals eligible for minimum essential coverage through an employer plan (as an employee or by relationship to an employee) are eligible for the credit if the employee’s required premium contribution exceeds 9.5% of household income, or the plan’s share of total allowed costs of plan benefits (i.e., actuarial value) is less than 60%. These individuals must still enroll in a qualified health plan through a state Exchange to receive a credit. The 9.5% amount is indexed after 2014 in the same manner as the premium percentages described above.

**Modified adjusted gross income.** Modified adjusted gross income (MAGI) used to determine eligibility defined as adjusted gross income increased by amounts excluded from gross income for citizens or residents living abroad and any tax-exempt interest. Household income is the sum of the modified adjusted gross income of the taxpayer and all individuals in the family for whom a deduction is allowed and who were required to file a tax return.

**Illegal immigrants.** Individuals not lawfully present in the U.S. are not eligible for premium tax credits and, if part of a taxpayer’s household, they are excluded from the calculations. Premiums are reduced by the amount attributable to these individuals, they either are not counted in determining household size for the purpose of relating household income to the FPL and household income is reduced by a fraction computed as the poverty level excluding these individuals divided by the poverty level including them, or a comparable method is used. The Secretary of HHS to consult with the Treasury Secretary to determine calculations that minimize burden on eligible individuals.

**Reconciliation.** The final tax credit will be reconciled with advance payments made under section 1412. Any excess amounts paid in advance will be added to taxes owed, except when the taxpayer’s household income is less than 400% of FPL, in which case the amount repaid is limited to $400 ($250 when the taxpayer is an unmarried individual) except when the taxpayer’s household income is less than 500% of FPL, in which case the amount repaid is on a sliding scale from $600-$3500. These limits will be indexed after 2014 to the consumer price index for all urban consumers (CPI-U) and rounded to next lowest $50.

**Information from Exchanges.** Exchanges are required to provide information to taxpayers and to the Treasury on: the level of coverage; the total premium without regard to the premium tax credit; the aggregate amount of any advance payments made to the taxpayer; the name address and tax identification number of each covered individual; and on information provided to the Exchange with respect to changes in circumstances affecting eligibility for the credit; and other information necessary to determine whether an excess advance payments were made.

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1 Changes indicated (with new language in bold and removed language in strike out) due to modifications within PL 111-309, the “Medicare and Medicaid Extenders Act of 2010.”
Regulations. The Treasury Secretary will prescribe regulations as necessary to implement the tax credit, including coordination with the advance credit program provided under section 1412 and with respect to reconciling advance payments where filing status has changed.

GAO study. Within 5 years of enactment, GAO is to study and report to Congress on the affordability of health insurance coverage, including the impact of the premium tax credit and small employer tax credits on maintaining and expanding coverage; the availability of affordable plans, including whether the 9.5% premium contribution threshold with respect to employer coverage is appropriate and whether it could be lowered without significantly increasing costs or decreasing employer coverage; and the ability of individuals to maintain essential benefits coverage.

Legislative text:

SEC. 1401. REFUNDABLE TAX CREDIT PROVIDING PREMIUM ASSISTANCE FOR COVERAGE UNDER A QUALIFIED HEALTH PLAN.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by inserting after section 36A the following new section:

"SEC. 36B. REFUNDABLE CREDIT FOR COVERAGE UNDER A QUALIFIED HEALTH PLAN.

"(a) IN GENERAL.—In the case of an applicable taxpayer, there shall be allowed as a credit against the tax imposed by this subtitle for any taxable year an amount equal to the premium assistance credit amount of the taxpayer for the taxable year.

"(b) PREMIUM ASSISTANCE CREDIT AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'premium assistance credit amount' means, with respect to any taxable year, the sum of the premium assistance amounts determined under paragraph (2) with respect to all coverage months of the taxpayer occurring during the taxable year.

"(2) PREMIUM ASSISTANCE AMOUNT.—The premium assistance amount determined under this subsection with respect to any coverage month is the amount equal to the lesser of—

"(A) the monthly premiums for such month for 1 or more qualified health plans offered in the individual market within a State which cover the taxpayer, the taxpayer's spouse, or any dependent (as defined in section 152) of the taxpayer and which were enrolled in through an Exchange established by the State under 1311 of the Patient Protection and Affordable Care Act, or

"(B) the excess (if any) of—

"(i) the adjusted monthly premium for such month for the applicable second lowest cost silver plan with respect to the taxpayer, over

"(ii) an amount equal to 1/12 of the product of the applicable percentage and the taxpayer's household income for the taxable year.

"(3) OTHER TERMS AND RULES RELATING TO PREMIUM ASSISTANCE AMOUNTS.—For purposes of paragraph (2)—

"(A) APPLICABLE PERCENTAGE.—

"(i) IN GENERAL.—Except as provided in clause (ii), the applicable percentage for any taxable year shall be the percentage such that the applicable percentage for any taxpayer whose household income is within an income tier specified in the following table shall increase,

<table>
<thead>
<tr>
<th>Income Tier</th>
<th>Initial Premium Percentage</th>
<th>Final Premium Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 133%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>133% up to 150%</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>150% up to 200%</td>
<td>4.0%</td>
<td>6.3%</td>
</tr>
<tr>
<td>200% up to 250%</td>
<td>6.3%</td>
<td>8.05%</td>
</tr>
<tr>
<td>250% up to 300%</td>
<td>8.05%</td>
<td>9.5%</td>
</tr>
<tr>
<td>300% up to 400%</td>
<td>9.5%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

"(ii) INDEXING.—

"(I) IN GENERAL.—Subject to subclause (II), in the case of taxable years beginning in any calendar year after 2014, the initial and final applicable percentages under clause (i) (as in effect for the preceding calendar year after application of this clause) shall be adjusted to reflect the excess of the rate of premium growth for the preceding calendar year over the rate of income growth for the preceding calendar year.

"(II) ADDITIONAL ADJUSTMENT.—Except as provided in subclause (III), in the case of any calendar year after 2018, the percentages described in subclause (I) shall, in addition to the adjustment under subclause (I), be adjusted to reflect the excess (if any) of the rate of premium growth estimated under subclause (I) for the preceding calendar year over the rate of growth in the consumer price index for the preceding calendar year.

"(III) FAIL SAFE.—Subclause (II) shall apply for any calendar year only if the aggregate amount of premium tax credits under this section and cost-sharing reductions under section 1402 of the Patient Protection and Affordable Care Act for the preceding calendar year exceeds an amount equal to 0.504 percent of the gross domestic product for the preceding calendar year.

"(B) APPLICABLE SECOND LOWEST COST SILVER PLAN.—The applicable second lowest cost silver plan with respect to any applicable taxpayer is the second lowest cost silver plan of the individual market in the rating area in which the taxpayer resides which—

"(i) is offered through the same Exchange through which the qualified health plans taken into account under paragraph (2)(A) were offered, and

"(ii) provides—

"(I) self-only coverage in the case of an applicable taxpayer—

"(aa) whose tax for the taxable year is determined under section 1(c) (relating to unmarried individuals other than surviving spouses and heads of households) and who is not allowed a deduction under section 151 for the taxable year with respect to a dependent, or
"(bb) who is not described in item (aa) but who purchases only self-only coverage, and

"(II) family coverage in the case of any other applicable taxpayer. If a taxpayer files a joint return and no credit is allowed under this section with respect to 1 of the spouses by reason of subsection (e), the taxpayer shall be treated as described in clause (ii)(I) unless a deduction is allowed under section 151 for the taxable year with respect to a dependent other than either spouse and subsection (e) does not apply to the dependent.

"(C) ADJUSTED MONTHLY PREMIUM.—The adjusted monthly premium for an applicable second lowest cost silver plan is the monthly premium which would have been charged (for the rating area with respect to which the premiums under paragraph (2)(A) were determined) for the plan if each individual covered under a qualified health plan taken into account under paragraph (2)(A) were covered by such silver plan and the premium was adjusted only for the age of each such individual in the manner allowed under section 2701 of the Public Health Service Act. In the case of a State participating in the wellness discount demonstration project under section 2705(d) of the Public Health Service Act, the adjusted monthly premium shall be determined without regard to any premium discount or rebate under such project.

"(D) ADDITIONAL BENEFITS.—If—

"(i) a qualified health plan under section 1302(b)(5) of the Patient Protection and Affordable Care Act offers benefits in addition to the essential health benefits required to be provided by the plan, or

"(ii) the premium for coverage under such plan for such month is paid by the taxpayer (or through advance payment of the credit under paragraph (2)).

"(E) SPECIAL RULE FOR PEDIATRIC DENTAL COVERAGE.—For purposes of determining the amount of any monthly premium, if an individual enrolls in both a qualified health plan and a plan described in section 1311(d)(2)(B)(ii)(I) of the Patient Protection and Affordable Care Act for any plan year, the portion of the premium for the plan described in such section that (under regulations prescribed by the Secretary of Health and Human Services) is properly allocable to pediatric dental benefits which are included in the essential health benefits required to be provided by a qualified health plan under section 1302(b)(1)(J) of such Act shall be treated as a premium payable for a qualified health plan.

"(c) DEFINITION AND RULES RELATING TO APPLICABLE TAXPAYERS, COVERAGE MONTHS, AND QUALIFIED HEALTH PLAN.—For purposes of this section—

"(1) APPLICABLE TAXPAYER—

"(A) IN GENERAL.—The term ‘applicable taxpayer’ means, with respect to any taxable year, a taxpayer whose household income for the taxable year equals or exceeds 100 percent but does not exceed 400 percent of an amount equal to the poverty line for a family of the size involved.

"(B) SPECIAL RULE FOR CERTAIN INDIVIDUALS LAWFULLY PRESENT IN THE UNITED STATES.—If—

"(i) a taxpayer has a household income which is not greater than 100 percent of an amount equal to the poverty line for a family of the size involved,

"(ii) the premium for coverage month is paid by the taxpayer (or through advance payment of the credit under paragraph (2)).

"(C) SPECIAL RULE FOR EMPLOYER-SPONSORED MINIMUM ESSENTIAL COVERAGE.—For purposes of subparagraph (B)—

"(1) COVERAGE MUST BE AFFORDABLE.—Except as provided in clause (iii), an employee shall not be treated as eligible for minimum essential coverage if such coverage—

"(I) consists of an eligible employer-sponsored plan (as defined in section 5000A(f)(2)), and

"(II) the employee’s required contribution (within the meaning of section 5000A(e)(1)(B)) with respect to the plan exceeds 9.5 percent of the applicable taxpayer’s household income. This clause shall also apply to an individual who is eligible to enroll in the plan by reason of a relationship the individual bears to the employee.

"(ii) COVERAGE MUST PROVIDE MINIMUM VALUE.—Except as provided in clause (iii), an employee shall not be treated as eligible for minimum essential coverage if such coverage consists of an eligible employer-sponsored plan (as defined in section 5000A(f)(2)) and the plan’s share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs.

"(iii) EMPLOYEE OR FAMILY MUST NOT BE COVERED UNDER EMPLOYER PLAN.—Clauses (i) and (ii) shall not apply if the employee (or any individual described in the last sentence of clause (ii)) is covered under the eligible employer-sponsored plan or the grandfathered health plan.

"(iv) INDEXING.—As revised by section 10105(c) and sections 1001(a)(2)(A) and (B) of HCERA. In the case of plan years beginning in
any calendar year after 2014, the Secretary shall adjust the 9.5 percent under clause (i)(II) in the same manner as the percent- ages are adjusted under subsection (b)(3)(A)(ii).

"(D) EXCEPTION FOR INDIVIDUAL RECEIVING FREE CHOICE VOUCHERS.—As added by section 10107(b)(1), effective for taxable year beginning after December 31, 2013. The term ‘coverage month’ shall not include any month in which such individual has a free choice voucher provided under section 10108 of the Patient Protection and Affordable Care Act.

"(3) DEFINITIONS AND OTHER RULES.—

"(A) QUALIFIED HEALTH PLAN.—The term ‘qualified health plan’ has the meaning given such term by section 1301(a) of the Patient Protection and Affordable Care Act, except that such term shall not include a qualified health plan which is a catastrophic plan described in section 1302(e) of such Act.

"(B) GRANDFAITHEDERED HEALTH PLAN.—The term ‘grandfathered health plan’ has the meaning given such term by section 1251 of the Patient Protection and Affordable Care Act.

"(D) TERMS RELATING TO INCOME AND FAMILIES.—For purposes of this section—

"(1) FAMILY SIZE.—The family size involved with respect to any taxpayer shall be equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year.

"(2) HOUSEHOLD INCOME.—

"(A) HOUSEHOLD INCOME.—The term ‘household income’ means, with respect to any taxpayer, an amount equal to the sum of—Clauses (I) and (ii) revised by section 1004(a)(1)(A) of HCERA;

"(i) the modified adjusted gross income of the taxpayer, plus

"(ii) the aggregate modified adjusted gross incomes of all other individuals who—

"(I) were taken into account in determining the taxpayer’s family size under paragraph (1), and

"(II) were required to file a return of tax imposed by section 1 for the taxable year.

"(B) MODIFIED ADJUSTED GROSS INCOME.—The term ‘modified adjusted gross income’ means adjusted gross income increased by—

"(i) any amount excluded from gross income under section 911, and

"(ii) any amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

"(3) POVERTY LINE.—

"(A) IN GENERAL.—The term ‘poverty line’ has the meaning given that term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 12977(c)(5)).

"(B) POVERTY LINE USED.—In the case of any qualified health plan offered through an Exchange for coverage during a taxable year beginning in a calendar year, the poverty line used shall be the most recently published poverty line as of the 1st day of the regular enrollment period for coverage during such calendar year.

"(e) RULES FOR INDIVIDUALS NOT LAWFULLY PRESENT.—

"(1) IN GENERAL.—If 1 or more individuals for whom a taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year (including the taxpayer or his spouse) are individuals who are not lawfully present—

"(A) the aggregate amount of premiums otherwise taken into account under clauses (i) and (ii) of subsection (B)(2)(A) shall be reduced by the portion (if any) of such premiums which is attributable to such individuals, and

"(B) for purposes of applying this section, the determination as to what percentage a taxpayer’s household income bears to the poverty level for a family of the size involved shall be made under one of the following methods:

"(i) A method under which—

"(I) the taxpayer’s family size is determined by not taking such individuals into account, and

"(II) the taxpayer’s household income is equal to the product of the taxpayer’s household income (determined without regard to this subsection) and a fraction—

"(aa) the numerator of which is the poverty line for the taxpayer’s family size determined after application of subclause (I), and

"(bb) the denominator of which is the poverty line for the taxpayer’s family size determined without regard to subclause (I).

"(ii) A comparable method reaching the same result as the method under clause (i).

"(2) LAWFULLY PRESENT.—For purposes of this section, an individual shall be treated as lawfully present only if the individual is, and is reasonably expected to be for the entire period of enrollment for which the credit under this section is being claimed, a citizen or national of the United States or an alien lawfully present in the United States.

"(3) SECRETARIAL AUTHORITY.—The Secretary of Health and Human Services, in consultation with the Secretary, shall pre- scribe rules setting forth the methods by which calculations of family size and household income are made for purposes of this subsection. Such rules shall be designed to ensure that the least burden is placed on individuals enrolling in qualified health plans through an Exchange and taxpayers eligible for the credit allowed under this section.

"(f) RECONCILIATION OF CREDIT AND ADVANCE CREDIT.—

"(1) IN GENERAL.—The amount of the credit allowed under this section for any taxable year shall be reduced (but not below zero) by the amount of any advance payment of such credit under section 1412 of the Patient Protection and Affordable Care Act.

"(2) EXCESS ADVANCE PAYMENTS.—

"(A) IN GENERAL.—If the advance payments to a tax- payer under section 1412 of the Patient Protection and Affordable Care Act for a taxable year exceed the credit allowed by this section (determined without regard to para- graph (1)), the tax imposed by this chapter for the taxable year shall be increased by the amount of such excess.

"(B) LIMITATION ON INCREASE WHERE INCOME LESS THAN 400 PERCENT OF POVERTY LINE —

"(i) IN GENERAL.—In the case of an applicable tax- payer whose household income is less than 400 percent of the poverty line for the size of the family involved for the taxable year, the amount of the increase under subparagraph (A) shall in no event exceed $400 ($250 in the case of a taxpayer whose tax is determined under section 1(c) for the taxable year).

"(ii) EXCESS AMOUNT.—If the amount of the increase under subparagraph (A) exceeds $400 ($250 in the case of a taxpayer whose tax is determined under section 1(c) for the taxable year), the excess amount is included in the tax imposed by this chapter for the taxable year.
family involved for the taxable year, the amount of the increase under subparagraph (A) shall in no event exceed the applicable dollar amount determined in accordance with the following table (one-half of such amount in the case of a taxpayer whose tax is determined under section 1(c) for the taxable year):

If the household income (expressed as a percent of poverty line) is:  

<table>
<thead>
<tr>
<th>Percent</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 200%</td>
<td>$600</td>
</tr>
<tr>
<td>At least 200% but less than 250%</td>
<td>$1,000</td>
</tr>
<tr>
<td>At least 250% but less than 300%</td>
<td>$1,500</td>
</tr>
<tr>
<td>At least 300% but less than 350%</td>
<td>$2,000</td>
</tr>
<tr>
<td>At least 350% but less than 400%</td>
<td>$2,500</td>
</tr>
<tr>
<td>At least 400% but less than 450%</td>
<td>$3,000</td>
</tr>
<tr>
<td>At least 450% but less than 500%</td>
<td>$3,500</td>
</tr>
</tbody>
</table>

(ii) INDEXING OF AMOUNT.—In the case of any calendar year beginning after 2014, each of the dollar amounts in the table contained under clause (i) shall be increased by an amount equal to—

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2013' for 'calendar year 1992' in subparagraph (B) thereof.

(3) INFORMATION REQUIREMENT.—Each Exchange (or any person carrying out 1 or more responsibilities of an Exchange under section 1311(f)(3) or 1321(c) of the Patient Protection and Affordable Care Act) shall provide the following information to the Secretary and to the taxpayer with respect to any health plan provided through the Exchange:

(A) The level of coverage described in section 1302(d) of the Patient Protection and Affordable Care Act and the period such coverage was in effect.

(B) The total premium for the coverage without regard to the credit under this section or cost-sharing reductions under section 1402 of such Act.

(C) The aggregate amount of any advance payment of such credit or reductions under section 1412 of such Act.

(D) The name, address, and TIN of the primary insured and the name and TIN of each other individual obtaining coverage under the policy.

(E) Any information provided to the Exchange, including any change of circumstances, necessary to determine eligibility for, and the amount of, such credit.

(F) Information necessary to determine whether a taxpayer has received excess advance payments. If the amount of any increase under clause (i) is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.

(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section, including regulations which provide for—

(1) the coordination of the credit allowed under this section with the program for advance payment of the credit under section 1412 of the Patient Protection and Affordable Care Act; and

(2) the application of subsection (f) where the filing status of the taxpayer for a taxable year is different from such status used for determining the advance payment of the credit.

(b) DISALLOWANCE OF DEDUCTION.—Section 280C of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(g) CREDIT FOR HEALTH INSURANCE PREMIUMS.—No deduction shall be allowed for the portion of the premiums paid by the taxpayer for coverage of 1 or more individuals under a qualified health plan which is equal to the amount of the credit determined for the taxable year under section 36B(a) with respect to such premiums."

(c) STUDY ON AFFORDABLE COVERAGE.—

(1) STUDY AND REPORT.—

(A) IN GENERAL.—Not later than 5 years after the date of the enactment of this Act, the Comptroller General shall conduct a study on the affordability of health insurance coverage, including—

(i) the impact of the tax credit for qualified health insurance coverage of individuals under section 36B of the Internal Revenue Code of 1986 and the tax credit for employee health insurance expenses of small employers under section 45R of such Code on maintaining and expanding the health insurance coverage of individuals;

(ii) the availability of affordable health benefits plans, including a study of whether the percentage of household income used for purposes of section 36B(c)(2)(C) of the Internal Revenue Code of 1986 (as added by this section) is the appropriate level for determining whether employer-provided coverage is affordable for an employee and whether such level may be lowered without significantly increasing the costs to the Federal Government and reducing employer-provided coverage; and

(iii) the ability of individuals to maintain essential health benefits coverage (as defined in section 5000A(f) of the Internal Revenue Code of 1986).

(B) REPORT.—The Comptroller General shall submit to the appropriate committees of Congress a report on the study conducted under subparagraph (A), together with legislative recommendations relating to the matters studied under such subparagraph.

(2) APPROPRIATECOMMITTEESOFCONGRESS.—In this sub-section, the term “appropriate committees of Congress” means the Committee on Ways and Means, the Committee on Education and Labor, and the Committee on Energy and Commerce of the House of Representatives and the Committee on Finance and the Committee on Health, Education, Labor and Pensions of the Senate.

(d) CONFORMINGAMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “36B,” after “36A,”.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 36A the following new item:

"Sec. 36B. Refundable credit for coverage under a qualified health plan."

(3) As revised by section 10105(d), Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by inserting “36B,” after “36A,”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2013.