

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| Less than 10 | 0.0 | 100.0 | -0.1 | 0.0 | -10 | -2.0 | 0.1 | 0.0 | 4.9 | 4.8 |
| 10-20 | 6.1 | 93.9 | 0.1 | 0.1 | 20 | 3.6 | 0.2 | 0.2 | 3.1 | 3.2 |
| 20-30 | 14.0 | 86.0 | 0.4 | 0.7 | 100 | 8.1 | 0.5 | 0.5 | 4.5 | 4.9 |
| 30-40 | 18.5 | 81.5 | 0.6 | 1.3 | 200 | 7.6 | 0.8 | 0.9 | 6.9 | 7.5 |
| 40-50 | 31.8 | 68.2 | 1.0 | 2.5 | 470 | 9.9 | 1.3 | 1.3 | 9.5 | 10.5 |
| 50-75 | 49.3 | 50.7 | 1.5 | 9.1 | 900 | 10.2 | 4.5 | 4.7 | 12.9 | 14.3 |
| 75-100 | 62.8 | 37.3 | 1.8 | 10.9 | 1,470 | 10.0 | 5.5 | 5.8 | 15.3 | 16.9 |
| 100-200 | 69.5 | 30.5 | 1.6 | 28.7 | 2,020 | 7.0 | 20.8 | 21.2 | 18.7 | 20.0 |
| 200-500 | 77.5 | 22.6 | 1.7 | 32.6 | 4,040 | 5.4 | 30.3 | 30.4 | 23.3 | 24.6 |
| 500-1,000 | 80.3 | 19.7 | 1.6 | 9.6 | 8,350 | 4.0 | 12.1 | 12.0 | 28.3 | 29.5 |
| More than 1,000 | 78.2 | 21.8 | 0.5 | 4.5 | 9,780 | 1.0 | 23.6 | 22.7 | 32.6 | 32.9 |
| All | 44.1 | 55.9 | 1.4 | 100.0 | 1,410 | 5.1 | 100.0 | 100.0 | 21.3 | 22.3 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Less than 10 | 8,090 | 4.4 | 5,950 | 0.2 | 290 | 0.1 | 5,660 | 0.2 | 4.9 |
| 10-20 | 18,970 | 10.2 | 16,860 | 1.3 | 520 | 0.2 | 16,340 | 1.6 | 3.1 |
| 20-30 | 18,950 | 10.2 | 27,500 | 2.2 | 1,240 | 0.5 | 26,260 | 2.6 | 4.5 |
| 30-40 | 16,070 | 8.7 | 38,500 | 2.6 | 2,670 | 0.8 | 35,840 | 3.0 | 6.9 |
| 40-50 | 14,000 | 7.6 | 49,580 | 2.9 | 4,720 | 1.3 | 44,860 | 3.3 | 9.5 |
| 50-75 | 26,260 | 14.2 | 68,230 | 7.4 | 8,820 | 4.5 | 59,410 | 8.2 | 12.9 |
| 75-100 | 19,390 | 10.5 | 95,980 | 7.7 | 14,720 | 5.5 | 81,260 | 8.3 | 15.3 |
| 100-200 | 36,970 | 19.9 | 155,790 | 23.7 | 29,080 | 20.8 | 126,710 | 24.5 | 18.7 |
| 200-500 | 21,080 | 11.4 | 318,450 | 27.7 | 74,220 | 30.3 | 244,230 | 26.9 | 23.3 |
| 500-1,000 | 3,010 | 1.6 | 733,090 | 9.1 | 207,560 | 12.1 | 525,530 | 8.3 | 28.3 |
| More than 1,000 | 1,190 | 0.6 | 3,140,910 | 15.4 | 1,024,630 | 23.6 | 2,116,270 | 13.2 | 32.6 |
| All | 185,520 | 100.0 | 130,790 | 100.0 | 27,800 | 100.0 | 102,990 | 100.0 | 21.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

Number of AMT Taxpayers (millions). Baseline: 7.6

Proposal: 8

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Tax units with benefit are tax units with a net benefit of \$10 or more.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table - Single Tax Units

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| Less than 10 | 0.0 | 100.0 | -0.1 | -0.1 | -10 | -1.7 | 0.2 | 0.2 | 6.6 | 6.5 |
| 10-20 | 7.4 | 92.6 | 0.2 | 0.5 | 20 | 3.0 | 1.0 | 0.9 | 4.9 | 5.0 |
| 20-30 | 19.4 | 80.7 | 0.6 | 2.7 | 140 | 7.1 | 2.0 | 2.0 | 7.3 | 7.8 |
| 30-40 | 26.8 | 73.2 | 0.8 | 4.1 | 290 | 7.6 | 2.9 | 2.9 | 10.0 | 10.7 |
| 40-50 | 44.7 | 55.3 | 1.4 | 6.9 | 590 | 9.9 | 3.7 | 3.9 | 12.0 | 13.2 |
| 50-75 | 61.7 | 38.3 | 1.7 | 21.0 | 970 | 9.4 | 11.9 | 12.3 | 15.2 | 16.6 |
| 75-100 | 72.9 | 27.1 | 2.0 | 21.1 | 1,580 | 9.0 | 12.4 | 12.9 | 18.4 | 20.1 |
| 100-200 | 74.0 | 26.0 | 1.6 | 29.2 | 1,790 | 5.4 | 28.7 | 28.8 | 22.3 | 23.5 |
| 200-500 | 75.9 | 24.1 | 1.2 | 11.9 | 2,720 | 3.4 | 18.8 | 18.4 | 26.1 | 27.0 |
| 500-1,000 | 75.5 | 24.5 | 0.7 | 1.9 | 3,770 | 1.7 | 5.9 | 5.7 | 30.3 | 30.8 |
| More than 1,000 | 70.9 | 29.1 | 0.2 | 0.9 | 4,290 | 0.4 | 12.3 | 11.8 | 35.3 | 35.4 |
| All | 39.8 | 60.3 | 1.3 | 100.0 | 750 | 5.3 | 100.0 | 100.0 | 19.6 | 20.6 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Less than 10 | 6,650 | 7.2 | 5,940 | 0.6 | 390 | 0.2 | 5,550 | 0.7 | 6.6 |
| 10-20 | 15,260 | 16.5 | 16,770 | 3.9 | 820 | 1.0 | 15,950 | 4.6 | 4.9 |
| 20-30 | 13,010 | 14.1 | 27,280 | 5.4 | 2,000 | 2.0 | 25,290 | 6.2 | 7.3 |
| 30-40 | 9,630 | 10.4 | 38,520 | 5.6 | 3,830 | 2.9 | 34,680 | 6.3 | 10.0 |
| 40-50 | 8,080 | 8.8 | 49,600 | 6.1 | 5,950 | 3.7 | 43,650 | 6.6 | 12.0 |
| 50-75 | 14,820 | 16.1 | 68,070 | 15.3 | 10,350 | 11.9 | 57,730 | 16.1 | 15.2 |
| 75-100 | 9,180 | 10.0 | 95,240 | 13.2 | 17,520 | 12.4 | 77,720 | 13.4 | 18.4 |
| 100-200 | 11,250 | 12.2 | 147,940 | 25.2 | 33,040 | 28.7 | 114,900 | 24.3 | 22.3 |
| 200-500 | 3,000 | 3.3 | 310,320 | 14.1 | 81,010 | 18.8 | 229,320 | 12.9 | 26.1 |
| 500-1,000 | 340 | 0.4 | 730,570 | 3.8 | 221,280 | 5.9 | 509,290 | 3.3 | 30.3 |
| More than 1,000 | 140 | 0.2 | 3,321,570 | 6.8 | 1,171,590 | 12.3 | 2,149,980 | 5.5 | 35.3 |
| All | 92,220 | 100.0 | 71,730 | 100.0 | 14,030 | 100.0 | 57,700 | 100.0 | 19.6 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Tax units with benefit are tax units with a net benefit of \$10 or more.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table - Married Tax Units Filing Jointly

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| | | | | | | | | | | |
| Less than 10 | * | ** | 0.0 | 0.0 | * | -0.3 | 0.0 | 0.0 | 3.7 | 3.7 |
| 10-20 | 0.1 | 99.9 | 0.0 | 0.0 | * | 0.1 | 0.0 | 0.0 | 2.8 | 2.8 |
| 20-30 | 0.8 | 99.3 | 0.0 | 0.0 | * | -0.3 | 0.1 | 0.1 | 2.4 | 2.3 |
| 30-40 | 2.9 | 97.1 | 0.0 | 0.0 | 10 | 1.4 | 0.1 | 0.1 | 2.5 | 2.6 |
| 40-50 | 5.8 | 94.3 | 0.1 | 0.1 | 60 | 3.1 | 0.2 | 0.2 | 3.9 | 4.0 |
| 50-75 | 20.5 | 79.5 | 0.7 | 1.5 | 410 | 7.6 | 0.9 | 1.0 | 7.9 | 8.5 |
| 75-100 | 46.2 | 53.8 | 1.3 | 4.6 | 1,150 | 10.7 | 2.0 | 2.2 | 11.1 | 12.3 |
| 100-200 | 66.3 | 33.7 | 1.6 | 27.2 | 2,100 | 7.9 | 16.4 | 16.9 | 16.6 | 17.9 |
| 200-500 | 78.2 | 21.8 | 1.7 | 45.5 | 4,320 | 5.9 | 36.2 | 36.7 | 22.7 | 24.1 |
| 500-1,000 | 81.5 | 18.5 | 1.7 | 14.5 | 9,080 | 4.4 | 15.5 | 15.4 | 28.0 | 29.3 |
| More than 1,000 | 79.7 | 20.3 | 0.5 | 6.6 | 10,720 | 1.1 | 28.4 | 27.4 | 32.3 | 32.7 |
| All | 53.1 | 46.9 | 1.4 | 100.0 | 2,490 | 4.7 | 100.0 | 100.0 | 22.7 | 23.7 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| | | | | | | | | | |
| Less than 10 | 780 | 1.2 | 5,050 | 0.0 | 190 | 0.0 | 4,870 | 0.0 | 3.7 |
| 10-20 | 1,540 | 2.4 | 16,890 | 0.2 | 470 | 0.0 | 16,420 | 0.2 | 2.8 |
| 20-30 | 2,670 | 4.1 | 28,060 | 0.5 | 660 | 0.1 | 27,400 | 0.6 | 2.4 |
| 30-40 | 2,900 | 4.5 | 38,510 | 0.7 | 970 | 0.1 | 37,540 | 0.9 | 2.5 |
| 40-50 | 2,780 | 4.3 | 49,590 | 0.9 | 1,950 | 0.2 | 47,640 | 1.1 | 3.9 |
| 50-75 | 5,880 | 9.1 | 68,790 | 2.7 | 5,410 | 0.9 | 63,390 | 3.2 | 7.9 |
| 75-100 | 6,470 | 10.0 | 96,960 | 4.2 | 10,770 | 2.0 | 86,190 | 4.8 | 11.1 |
| 100-200 | 20,890 | 32.2 | 161,450 | 22.3 | 26,810 | 16.4 | 134,640 | 24.1 | 16.6 |
| 200-500 | 16,990 | 26.2 | 320,910 | 36.1 | 72,950 | 36.2 | 247,950 | 36.1 | 22.7 |
| 500-1,000 | 2,580 | 4.0 | 733,100 | 12.5 | 205,540 | 15.5 | 527,550 | 11.7 | 28.0 |
| More than 1,000 | 1,000 | 1.5 | 3,012,610 | 19.9 | 973,460 | 28.4 | 2,039,160 | 17.4 | 32.3 |
| All | 64,970 | 100.0 | 232,360 | 100.0 | 52,660 | 100.0 | 179,700 | 100.0 | 22.7 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Tax units with benefit are tax units with a net benefit of \$10 or more.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table - Head of Household Tax Units

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| Less than 10 | 0.0 | 100.0 | 0.0 | 0.0 | * | 0.1 | -0.2 | -0.2 | -13.8 | -13.8 |
| 10-20 | 0.2 | 99.8 | -0.1 | -0.1 | -10 | 0.6 | -1.3 | -1.2 | -11.3 | -11.3 |
| 20-30 | 1.7 | 98.3 | 0.0 | 0.1 | 10 | -0.3 | -1.9 | -1.8 | -6.7 | -6.7 |
| 30-40 | 6.9 | 93.1 | 0.3 | 1.4 | 110 | 49.6 | 0.3 | 0.4 | 0.6 | 0.9 |
| 40-50 | 19.3 | 80.7 | 1.1 | 5.5 | 530 | 16.1 | 3.0 | 3.2 | 6.6 | 7.7 |
| 50-75 | 46.7 | 53.3 | 2.2 | 24.8 | 1,340 | 17.5 | 12.6 | 13.6 | 11.3 | 13.2 |
| 75-100 | 65.8 | 34.3 | 2.2 | 21.8 | 1,830 | 13.5 | 14.4 | 15.0 | 14.1 | 16.0 |
| 100-200 | 74.3 | 25.7 | 1.9 | 35.4 | 2,330 | 8.2 | 38.3 | 38.1 | 19.0 | 20.6 |
| 200-500 | 69.2 | 30.8 | 1.4 | 9.3 | 3,120 | 4.5 | 18.5 | 17.8 | 23.8 | 24.8 |
| 500-1,000 | 62.7 | 37.3 | 1.0 | 1.1 | 5,410 | 2.6 | 3.8 | 3.6 | 28.9 | 29.6 |
| More than 1,000 | 68.5 | 31.6 | 0.2 | 0.7 | 7,790 | 0.5 | 12.5 | 11.5 | 32.0 | 32.1 |
| All | 35.6 | 64.4 | 1.6 | 100.0 | 1,080 | 8.9 | 100.0 | 100.0 | 14.8 | 16.1 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Less than 10 | 520 | 2.2 | 7,270 | 0.2 | -1,000 | -0.2 | 8,280 | 0.3 | -13.8 |
| 10-20 | 1,910 | 8.1 | 17,490 | 1.7 | -1,970 | -1.3 | 19,460 | 2.3 | -11.3 |
| 20-30 | 2,920 | 12.4 | 27,860 | 4.2 | -1,880 | -1.9 | 29,740 | 5.3 | -6.7 |
| 30-40 | 3,130 | 13.3 | 38,460 | 6.3 | 230 | 0.3 | 38,230 | 7.3 | 0.6 |
| 40-50 | 2,620 | 11.1 | 49,520 | 6.8 | 3,280 | 3.0 | 46,240 | 7.4 | 6.6 |
| 50-75 | 4,690 | 19.9 | 67,900 | 16.6 | 7,640 | 12.6 | 60,260 | 17.3 | 11.3 |
| 75-100 | 3,020 | 12.8 | 95,760 | 15.1 | 13,530 | 14.4 | 82,230 | 15.2 | 14.1 |
| 100-200 | 3,840 | 16.3 | 149,160 | 29.9 | 28,340 | 38.3 | 120,820 | 28.4 | 19.0 |
| 200-500 | 750 | 3.2 | 295,250 | 11.5 | 70,120 | 18.5 | 225,130 | 10.3 | 23.8 |
| 500-1,000 | 50 | 0.2 | 734,680 | 2.0 | 212,070 | 3.8 | 522,610 | 1.6 | 28.9 |
| More than 1,000 | 20 | 0.1 | 4,672,930 | 5.8 | 1,493,720 | 12.5 | 3,179,210 | 4.6 | 32.0 |
| All | 23,520 | 100.0 | 81,630 | 100.0 | 12,080 | 100.0 | 69,550 | 100.0 | 14.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table - Tax Units with Children

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| Less than 10 | 0.0 | 100.0 | -0.4 | 0.0 | -30 | 3.0 | 0.0 | 0.0 | -14.7 | -15.2 |
| 10-20 | 0.1 | 99.9 | -0.2 | -0.1 | -50 | 2.3 | -0.3 | -0.3 | -12.2 | -12.5 |
| 20-30 | 3.1 | 96.9 | -0.1 | -0.1 | -20 | 1.0 | -0.3 | -0.3 | -6.2 | -6.3 |
| 30-40 | 6.8 | 93.2 | 0.3 | 0.4 | 110 | 41.7 | 0.1 | 0.1 | 0.7 | 1.0 |
| 40-50 | 16.8 | 83.3 | 1.0 | 1.4 | 460 | 15.3 | 0.5 | 0.6 | 6.1 | 7.0 |
| 50-75 | 39.2 | 60.8 | 1.9 | 6.5 | 1,160 | 15.7 | 2.3 | 2.5 | 10.8 | 12.5 |
| 75-100 | 59.1 | 41.0 | 2.0 | 7.0 | 1,700 | 12.9 | 3.0 | 3.2 | 13.6 | 15.4 |
| 100-200 | 72.3 | 27.7 | 1.9 | 26.1 | 2,500 | 8.6 | 16.8 | 17.3 | 18.3 | 19.8 |
| 200-500 | 82.3 | 17.7 | 1.9 | 39.0 | 4,730 | 6.3 | 34.4 | 34.6 | 23.6 | 25.0 |
| 500-1,000 | 86.1 | 13.9 | 1.9 | 13.3 | 10,090 | 4.8 | 15.4 | 15.3 | 28.7 | 30.0 |
| More than 1,000 | 85.4 | 14.6 | 0.6 | 6.4 | 12,300 | 1.3 | 28.1 | 27.0 | 32.7 | 33.1 |
| All | 49.0 | 51.0 | 1.6 | 100.0 | 2,290 | 5.5 | 100.0 | 100.0 | 22.5 | 23.8 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Less than 10 | 780 | 1.5 | 7,360 | 0.1 | -1,080 | 0.0 | 8,450 | 0.1 | -14.7 |
| 10-20 | 2,740 | 5.3 | 17,360 | 0.5 | -2,120 | -0.3 | 19,470 | 0.7 | -12.2 |
| 20-30 | 4,160 | 8.1 | 27,910 | 1.2 | -1,740 | -0.3 | 29,650 | 1.7 | -6.2 |
| 30-40 | 4,370 | 8.5 | 38,600 | 1.8 | 270 | 0.1 | 38,330 | 2.3 | 0.7 |
| 40-50 | 3,610 | 7.0 | 49,450 | 1.9 | 3,020 | 0.5 | 46,430 | 2.3 | 6.1 |
| 50-75 | 6,610 | 12.8 | 68,250 | 4.8 | 7,370 | 2.3 | 60,880 | 5.5 | 10.8 |
| 75-100 | 4,840 | 9.4 | 96,170 | 4.9 | 13,110 | 3.0 | 83,070 | 5.5 | 13.6 |
| 100-200 | 12,320 | 23.9 | 159,940 | 20.7 | 29,210 | 16.8 | 130,730 | 21.9 | 18.3 |
| 200-500 | 9,730 | 18.9 | 321,120 | 32.9 | 75,650 | 34.4 | 245,470 | 32.4 | 23.6 |
| 500-1,000 | 1,560 | 3.0 | 735,820 | 12.1 | 210,910 | 15.4 | 524,920 | 11.1 | 28.7 |
| More than 1,000 | 620 | 1.2 | 2,987,510 | 19.4 | 976,380 | 28.1 | 2,011,130 | 16.8 | 32.7 |
| All | 51,570 | 100.0 | 184,240 | 100.0 | 41,500 | 100.0 | 142,740 | 100.0 | 22.5 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

* Non-zero value rounded to zero; ** Insufficient data

Note: Tax units with children are those claiming an exemption for children at home or away from home or with children qualifying for the Child Tax Credit or EITC.

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Tax units with benefit are tax units with a net benefit of \$10 or more.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

Table T22-0203
Tax Benefit of the Exclusion of Employer-Sponsored Health Benefits and Deduction for Self-Employed Health Insurance Premiums
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2026¹
Detail Table - Elderly Tax Units

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Percent of Tax Units ³ | | Benefit as a Percent of After-Tax Income ⁴ | Share of Total Benefit | Average Benefit | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|-----------------------------------|-----------------|---|------------------------|-----------------|---------------------------------------|------------------------|-------------------|---------------------------------------|-------------------|
| | With Benefit | Without Benefit | | | Dollars | Percent of Federal Taxes ⁵ | With Provision | Without Provision | With Provision | Without Provision |
| Less than 10 | 0.0 | 100.0 | 0.0 | 0.0 | * | -0.6 | 0.0 | 0.0 | 2.4 | 2.4 |
| 10-20 | 0.3 | 99.7 | 0.0 | 0.0 | 0 | 0.1 | 0.1 | 0.1 | 1.1 | 1.1 |
| 20-30 | 1.8 | 98.2 | 0.0 | 0.1 | 10 | 1.0 | 0.4 | 0.4 | 2.4 | 2.4 |
| 30-40 | 8.1 | 92.0 | 0.2 | 0.8 | 60 | 4.8 | 0.6 | 0.6 | 3.0 | 3.2 |
| 40-50 | 15.7 | 84.4 | 0.4 | 2.5 | 200 | 9.1 | 1.0 | 1.1 | 4.4 | 4.8 |
| 50-75 | 32.3 | 67.7 | 0.8 | 11.1 | 530 | 11.0 | 3.9 | 4.1 | 7.1 | 7.9 |
| 75-100 | 47.2 | 52.8 | 1.2 | 15.5 | 1,030 | 11.0 | 5.4 | 5.8 | 9.8 | 10.9 |
| 100-200 | 53.1 | 46.9 | 1.0 | 33.6 | 1,300 | 6.0 | 21.5 | 21.9 | 14.3 | 15.1 |
| 200-500 | 59.9 | 40.1 | 1.0 | 25.6 | 2,550 | 3.9 | 24.9 | 25.0 | 20.5 | 21.3 |
| 500-1,000 | 63.9 | 36.1 | 0.9 | 6.9 | 4,850 | 2.5 | 10.7 | 10.5 | 26.9 | 27.6 |
| More than 1,000 | 63.6 | 36.4 | 0.2 | 4.0 | 5,820 | 0.5 | 30.8 | 29.8 | 32.7 | 32.8 |
| All | 28.2 | 71.8 | 0.8 | 100.0 | 730 | 3.8 | 100.0 | 100.0 | 17.0 | 17.7 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Level, 2026¹

| Expanded Cash Income Level (thousands of 2022 dollars) ² | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | Average Federal Tax Rate ⁵ |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------------------|------------------|---------------------------------------|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| Less than 10 | 1,180 | 2.3 | 5,820 | 0.1 | 140 | 0.0 | 5,680 | 0.1 | 2.4 |
| 10-20 | 5,680 | 11.0 | 17,490 | 1.7 | 190 | 0.1 | 17,300 | 2.0 | 1.1 |
| 20-30 | 6,100 | 11.8 | 27,360 | 2.9 | 650 | 0.4 | 26,700 | 3.4 | 2.4 |
| 30-40 | 5,260 | 10.2 | 38,640 | 3.5 | 1,160 | 0.6 | 37,480 | 4.1 | 3.0 |
| 40-50 | 4,710 | 9.1 | 49,620 | 4.0 | 2,180 | 1.0 | 47,430 | 4.6 | 4.4 |
| 50-75 | 7,920 | 15.4 | 67,910 | 9.3 | 4,820 | 3.9 | 63,090 | 10.4 | 7.1 |
| 75-100 | 5,670 | 11.0 | 96,020 | 9.4 | 9,400 | 5.4 | 86,620 | 10.2 | 9.8 |
| 100-200 | 9,800 | 19.0 | 151,870 | 25.6 | 21,680 | 21.5 | 130,190 | 26.5 | 14.3 |
| 200-500 | 3,800 | 7.4 | 316,780 | 20.7 | 64,930 | 24.9 | 251,850 | 19.8 | 20.5 |
| 500-1,000 | 540 | 1.0 | 727,290 | 6.7 | 195,910 | 10.7 | 531,380 | 5.9 | 26.9 |
| More than 1,000 | 260 | 0.5 | 3,610,250 | 16.1 | 1,178,650 | 30.8 | 2,431,600 | 13.0 | 32.7 |
| All | 51,570 | 100.0 | 112,670 | 100.0 | 19,170 | 100.0 | 93,500 | 100.0 | 17.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-2).

* Non-zero value rounded to zero; ** Insufficient data

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current law as of December 19, 2022. Table shows the tax benefit of the exclusion from income for employer-sponsored health, dental, and vision insurance premiums; and contributions to Health Savings Accounts, Health Reimbursement Arrangements, and Medical Flexible Spending Accounts. Tax benefits include the deduction for self-employed health insurance premiums. Assumes that taxable health benefits and premiums could potentially be claimed as itemized deductions subject to the current percent of AGI limitation on medical expenses. The average tax benefit can be negative for low-income tax units because excluding health benefits from taxable compensation reduces earnings-related tax credits for a small number of units. Additionally, tax units with health benefits and no earnings-related credits in this income range do not gain from the exclusion because their taxable income is already too low to owe any tax before credits. For more information on TPC's baseline definitions, see <http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Tax units with benefit are tax units with a net benefit of \$10 or more.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.

(5) For income categories for which the baseline tax burden is negative, a negative value for the tax benefit as a percent of federal tax indicates a net increase in federal subsidies, and a positive value indicates a net decrease in federal subsidies.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.