

## **Kaiser Health News**

### **IRS Faces GOP Criticism On Health Care Tax Credits**

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During a Capitol Hill hearing Thursday, House Republican lawmakers grilled the director of the Internal Revenue Service on his agency's ruling allowing qualified individuals to get tax credits to buy health insurance in federal health insurance exchanges.

[The Associated Press](#): Republicans Grill IRS Commissioner On Health Care

House Republicans on Thursday grilled the head of the Internal Revenue Service on the agency's decision to apply the health care law's tax credits in states that decide not to carry out a key provision of the statute. Commissioner Douglas Shulman defended the IRS rule that applies the tax credits to federal insurance exchanges, which are the bodies that will be developed to allow those without health insurance to buy it. He testified at a House hearing (Margasak, 8/2).

[The Hill's Healthwatch](#): IRS Defends Against GOP Charges Of 'Illegal' Healthcare Tax Credits

Republicans and conservative policy experts say the IRS has gone too far in implementing the Affordable Care Act, specifically its subsidies to help people buy private insurance (Baker, 8/2).

[CQ HealthBeat](#): Hearing Highlights Dispute Over Subsidies For Federal Health Insurance Exchanges

House Republicans expressed support for the argument that the health care overhaul does not authorize subsidies for individuals in exchanges set up by the federal government at a Thursday hearing that featured dueling witnesses on the issue. The controversy centers on an Internal Revenue Service rule finalized in May that allows the federal government to provide subsidies to help eligible individuals buy health insurance through state and federal exchanges created under the law beginning in 2014 (Attias, 8/2).

[Politico Pro](#): IRS Chief Defends Federal Exchange Ruling

Opponents of the health law argue that the statute specifically provides tax credits to purchase insurance only through exchanges established by the states. A recent 70-page paper released by Case Western Reserve University's Jonathan Adler and the Cato Institute's Michael Cannon argued that it wasn't a drafting error, but an intentional decision by Congress to incentivize states to build their own exchanges. Cannon, who testified at the hearing, and Adler contend that the IRS is flying in the face of congressional intent by issuing a rule allowing federal-run exchanges to issue tax credits the same as state-run exchanges. "It's quite literally taxation without representation," Cannon told the committee (Millman, 8/2).

In other news from the Hill -

[The Associated Press](#): Gov't Report: Tax Cheats Getting Paid By Medicaid

Thousands of Medicaid health care service providers still got paid by the government even though they owed hundreds of millions of dollars in federal taxes, congressional investigators say. A legal technicality is making it harder for the IRS to collect. In a report being released Thursday, the Government Accountability Office says Medicaid payments to doctors, hospitals and other providers aren't technically considered federal funds, since they're funneled through state health care programs (Alonso-Zaldivar, 8/2).

[CQ HealthBeat](#): Senators Want To Halt Medicaid Reimbursements To Providers Who Owe Taxes

Senators called for additional steps to stop health providers from collecting Medicaid reimbursements while they owe federal taxes, citing a report that found that providers who owed \$791 million in taxes received \$6.6 billion in Medicaid payments. Currently, health care providers who owe federal taxes are not prohibited from participating in the Medicaid program. Five senators requested a report from the Government Accountability Office (GAO) as part of efforts to track funds from the 2009 economic stimulus measure, which boosted the federal share of Medicaid funding (Ethridge, 8/2).

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