June 7, 2018

The Insurance Subsidy You Probably Get

If you receive insurance at work, you’re getting a federal subsidy. When your employer pays to give you coverage rather than cash wages, these dollars to purchase or cover your medical expenses are not taxed. Thus, the cost of your coverage is less than what it would be if you took your cash wages, which have already been taxed, and used them to purchase insurance on your own.

Your employer also counts your coverage as a business expense, and so it is not taxed on those dollars. Due to this tax exclusion, a total of $266 billion will not be collected by the federal government. You probably don’t think of this as a subsidy, but it is. But shouldn’t everyone, or no one, get this tax deduction benefit?

“It Costs $685 Billion a Year to Subsidize U.S. Health Insurance,” Emma Ockerman, Bloomberg, May 23, 2018:

“Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028,” Congressional Budget Office, May 2018:

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