

Do the Math!

ColoradoCare replaces health insurance. It is estimated that in any given year, 80% of Coloradans will pay less under ColoradoCare than under the insurance industry — over a lifetime, even more

Calculation for people with only W-2 income

Your current costs

Annual premium expense (monthly X 12)	\$ _____
Annual deductibles	_____
Estimated co-insurance such as payment for 20% of charges	_____
Expenses for basic health services not covered by your plan (mental health, etc.)	_____
Estimated total expenses	_____

ColoradoCare costs

For most Coloradans this is your total expense except for small copayments that can be waived for financial hardship.

3.33% of your annual payroll \$ _____

If you have significant non-payroll income, you can estimate your Premium Tax on the back of this page, use the online calculator, or consult with your tax advisor.

ColoradoCare offers more than most insurance and covers everyone.

Your current insurance industry plan

How comprehensive is your plan?
Does it cover all health care needs?

Can you keep your providers if your employer changes health care plans to a different company?

Will you keep your coverage if you get laid off, lose your job, or your company is sold?

Is your choice of provider restricted?

ColoradoCare

ColoradoCare is more comprehensive than the Platinum plan on the Exchange.

ColoradoCare coverage is continuous, no more provider changes caused by switching insurers.

You are always covered by **ColoradoCare** as long as you are a Colorado resident.

ColoradoCare allows you to choose any primary care provider. Some primary care providers may have a limited network of specialist providers.

ColoradoCare covers more people than insurance industry plans.

It is a payment system that also ensures comprehensive health care for your children, grandchildren, and parents living in Colorado, for your friends and neighbors, and for you at times of financial misfortune.

www.ColoradoCare.org



ColoradoCare
YES

Do the Math!

Most people find the Premium Tax is smaller than they thought.

ColoradoCare non-payroll premium calculations* (For both individual and joint filers)

Taxable non-payroll income is the federally taxable income taken from IRS form 1040 (The federally taxable personal income from business, investments, other sources that appears on lines 8–10, 12-18, 20b, and 21) \$ _____

If all taxpayers are under 55 y/o, Premium Tax is taxable non-payroll income x .10 \$ _____

Premium Tax is expected to be deductible from federal income tax, but IRS has not yet ruled on this issue.

Additional exemptions for seniors 55 y/o and over for taxable portion of Social Security, annuity, pension, 401(k) and IRA income.

The Colorado income tax “Pension/Annuity Subtraction” applies to the Premium Tax. You can subtract the federally taxable portion of Social Security income (line 201b Form 1040) and retirement income (which is broadly defined and includes annuity, pension, 401(k), and IRA income). You may subtract up to \$20,000/person between 55 to 64 and \$24,000/person over 65, as entered on lines 7 & 8 of the Colorado Individual Income Tax Form 104.

Joint filers calculate this section as two individuals.

Individuals 55 – 64 may subtract up to \$20,000 of their own federally taxable Social Security, annuity, pension, 401(k), or IRA income. – \$ _____

Individuals 65 and older may subtract up to \$24,000 of their own federally taxable Social Security, annuity, pension, 401(k), or IRA income. – \$ _____

Make the applicable subtractions from taxable income as entered at the top of the page to yield:

Adjusted taxable non-payroll income if any taxpayer is over 55 y/o* \$ _____

Your premium tax on your non-payroll income is adjusted taxable non-payroll income x .10 = \$ _____

Premium Tax is expected to be deductible from federal income tax, but IRS has not yet ruled on this issue.

Combine W-2 Premium Tax from front of this page for total Premium Tax

Explanation of Non-Payroll Premium Taxes:

Non-payroll Premium Tax is paid by the income earner, and not by businesses. It applies to only the total taxable income on lines 8 – 10, 12 – 18, 20b and 21 of the IRS form 1040. These lines include an individual’s federally taxable portion of: capital gains, dividends, interest, rental, business, non-business, a portion of Social Security, and retirement incomes.

What kinds of income are exempted from the Premium Tax?

The IRS rules that define taxable income are complex with many exemptions. Because the Premium Tax is based on the taxable income from lines on the federal tax form, any income that is considered exempt from these lines, is also exempt from the Premium Tax. Some exemptions are quite large, such as the \$250,000 per person exemption on the net profits from the sale of a personal residence. For this reason, it is best to look at your actual last year’s 1040 tax form for an accurate estimate of your premium tax. Other types of income, unemployment compensation and alimony, are completely excluded.

Exemptions for Social Security and retirement income are determined by both the federal and state tax laws

- A portion of Social Security income is exempted on line 20b of the federal IRS Form 1040. The formula is complex, ranging from \$32,000 for lower incomes to 15% for higher incomes, and it is best to take the taxable Social Security from last year’s tax form.
- In addition to federal exemptions there are Premium Tax exemptions of up to \$20,000 for people 55y/o to 64y/o, and \$24,000 for people over 65y/o of the federally taxable portion of Social Security income and retirement income as explained above.
- The combined exemptions from the federal form 1040 and the state form 104 for Social Security and retirement income are substantial. Individuals or couples over 65 who have only Social Security income would pay no Premium Tax; middle income people over 65 y/o could have a total exemption of as much as \$46,000 for individual tax filers and \$75,000 for joint tax filers, and high income people over 65 y/o would have 15% of Social Security exempt plus up to a \$24,000 exemption per person. With such variability, it is best to look at the actual past year’s 1040 and 104 forms or ask your tax advisor.

*Taxable income for combined payroll and non-payroll income is capped at \$350,000 for individual and \$450,000 for joint filers.