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 income $

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	ColoradoCare
How comprehensive is your plan? Does it cover all health care needs?	**ColoradoCare** is more comprehensive than the Platinum plan on the Exchange.
Can you keep your providers if your employer changes health care plans to a different company?	**ColoradoCare** coverage is continuous, no more provider changes caused by switching insurers.
Will you keep your coverage if you get laid off, lose your job, or your company is sold?	You are always covered by **ColoradoCare** as long as you are a Colorado resident.
Is your choice of provider restricted?	**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!

ColoradoCare YES
ColoradoCare.org

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

ColoradoCare non-payroll premium calculations[1] (For both individual and joint filers)

A. Taxable non-payroll income is the federally taxable income taken from IRS form 1040[2] (The federally taxable personal income from business, investments, other sources that appears on lines 8–10, 12-18, 20b, and 21) $ _____ A

IF ALL TAXPAYERS ARE UNDER 55 Y/O: Premium Tax is taxable non-payroll income (A) x .10 $

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

Under 55 annual non-payroll Premium Tax

FOR TAXPAYERS 55 AND OVER: Additional exemptions for taxable portion of Social Security, annuity, pension, 401(k) and IRA income.

The Colorado income tax Pension/Annuity Subtraction[3] applies to the Premium Tax. You can subtract the federally taxable portion of Social Security income (line 20b 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[3].

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 (line 7 & 8 Colorado Form 104). – $ _____

Individuals 65 and older may subtract up to $24,000 of their own federally taxable Social Security, annuity, pension, 401(k), or IRA income (line 7 & 8 Colorado Form 104). – $ _____

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

B. Adjusted taxable non-payroll income if any taxpayer is over 55 y/o[1] $ _____ B

Premium Tax on non-payroll income is the adjusted taxable non-payroll income (B) x .10 = $

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

At least one taxpayer over 55 annual non-payroll Premium Tax

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

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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[2]. 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 have 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. It is best to look at your 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, consult with your tax advisor, or use the IRS Social Security worksheet[4] to calculate your exemption.
- In addition to federal exemptions there are Premium Tax exemptions 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[3].
- Combined exemptions from the Federal Form 1040 and the State Form 104 for Social Security and retirement income are substantial. The savings vary. For seniors over 65: Those relying only on Social Security or a combination of Social Security and modest retirement plans would pay no Premium Tax; those with incomes under $50,000 and couples with incomes under $90,000, coming from a balanced mix of Social Security and retirement income, will likely pay less than $100/mo; commonly, combined exemptions can be over $30,000 for an individual filer, and over $60,000 for joint filers; and with the most advantageous combination of Social Security and retirement income, it is even possible for the exemptions to reach $46,000 for an individual filer and $76,000 for a joint filer.
- The cost for an AARP Medicare Supplemental Plan comparable to the one provided by ColoradoCare is $2,023/person[5]. It is estimated that only 15% of seniors would pay more than $2,023 in Premium Taxes[5]. Those would be taxpayers with higher incomes and/or a large amount of non-retirement plan income.

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1 Taxable income for combined payroll and non-payroll income is capped at $350,000 for individual and $450,000 for joint filers.
2 Form 1040 — irs.gov/pub/irs-pdf/f1040.pdf ; Instructions for Form 1040 — irs.gov/pub/irs-pdf/i1040gi.pdf
3 Pension and Annuity Subtraction — colorado.gov/pacific/sites/default/files/Income25.pdf. The subtraction is entered on line 7 & 8 of Colorado Form 104 — colorado.gov/pacific/sites/default/files/104Formonly.pdf
4 Social Security Benefits Worksheet — lines 20a and 20b — irs.gov/app/vita/content/globalmedia/social_security_benefits_worksheet_1040i.pdf
5 Medicare reference — couniversalhealth.org/wp-content/uploads/2016/08/ColoradoCare-Medicare-Beneficiaries-and-seniors-8.30.16-v3.0.pdf

9.5.16, v3.3