

Grassley Amendment #F-6

Short Title:

Protecting Retiree Benefits for American Workers

Purpose:

To protect retiree benefits by maintaining that qualified prescription drug plan subsidies are excludable from the plan sponsor's gross income for the purposes of income tax and alternative minimum tax.

Background:

Under current law, sponsors of qualified retiree prescription drug plans are eligible for subsidy payments from the Secretary of Health and Human Services with respect to a portion of each qualified covered retiree's gross covered prescription drug costs.

A qualified retiree prescription drug plan is employment-based retiree health coverage that has an actuarial value at least as great as the Medicare Part D standard plan for the risk pool and that meets certain other disclosure and recordkeeping requirements.

These qualified retiree prescription drug plan subsidies are excludible from the plan sponsor's gross income for the purposes of regular income tax and alternative minimum tax.

Description:

This amendment would protect current retiree benefits by maintaining that retiree prescription drug plan subsidies are excludible from the plan sponsor's gross income for the purposes of regular income tax and alternative minimum tax. This change in revenue would be offset by applying the 5 year waiting period for legal immigrants as the basis for determining eligibility for the health insurance tax credits proposed in the Chairman's Mark.