

Health bill may impose 'marriage penalty'

Both the House and Senate plans have higher premium caps for a married couple than an unmarried pair making the same money.

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By [The Wall Street Journal](#)

Some married couples would pay thousands of dollars more for the same [health insurance](#) coverage as unmarried people living together if the health insurance overhaul plan pending in Congress is passed.

The built-in "[marriage penalty](#)" in both House and Senate versions of the health care bill has received scant attention. But for scores of low- and middle-income couples, it could mean a hike of \$2,000 or more in annual insurance premiums the moment they say "I do."

The disparity could come about in part because subsidies for purchasing health insurance under the plan from House Democrats are pegged to federal poverty guidelines. That would have the effect of limiting subsidies for married couples with a combined income, compared with if the individuals were single.

People who got their health insurance through an employer wouldn't be affected, but people who bought subsidized insurance through new exchanges set up by the legislation would. About 17 million people would receive such subsidies in 2016 under the House plan, the [Congressional Budget Office](#) estimates.

The legislation would cap the annual amount people making less than 400% of the federal poverty level must pay for health [insurance premiums](#), ranging from 1.5% of income for the poorest to 11% at the top end, under the House plan.

How the math works

For an unmarried couple with income of \$25,000 per person, combined premiums would be capped at \$3,076 per year under the House bill. If the couple got married, with a combined income of \$50,000, their annual premium cap would jump to \$5,160, a "penalty" of \$2,084. Those figures were included in a memo prepared by House Republican staff members.

The disparity is slightly smaller in the Senate version of health care legislation, chiefly because premium subsidies in the House bill are more targeted toward low-wage earners. Negotiations are under way to come up with a compromise bill that is acceptable to a majority in both the House and the Senate.

Under the Senate bill, a couple with \$50,000 combined income could pay as much as \$3,450 in annual premiums if unmarried and \$5,100 if married, a difference of \$1,650.

Republicans say the effect on married couples whose combined income made them ineligible for subsidies would be even greater -- up to \$5,000 or more -- but that is more difficult to measure because it includes assumptions about the price of insurance policies.

A matter of trade-offs

Democratic staff members confirmed the existence of the penalty but said any remedy would create other inequities.

For instance, they said making the subsidies neutral toward marriage would lead to a married couple with only one breadwinner getting a more generous subsidy than a single parent at the same income level. "The Finance Committee, along with other committees in the Senate, took pains to craft the most equitable overall structure possible, and that's what we have here," said a Democratic Senate Finance Committee aide.

If a health bill passes with a marriage penalty intact, it will be far from the first example of federal and social benefits creating incentives to remain single. Under the law now, marriage can have a negative impact on a person's ability to claim the earned income tax credit and welfare benefits, including food stamps.

In any progressive system of taxes or benefits, there are trade-offs between how well-targeted a subsidy is and how equitable it is, said Stacy Dickert-Conlin, an associate professor of economics at [Michigan State University](#).

"You might like to have it be progressive, equitable and marriage-neutral, but you have to decide what your goals are, because you can't accomplish all three," she said.

An increase in January weddings?

The [marriage penalty](#) in the legislation has not been a major focus of attack by Republican opponents of health care reforms, who are focusing on larger themes, such as new taxes and growth in government spending. But it has caught the attention of some conservative groups that say the prospect of reduced subsidies would dissuade people from tying the knot.

"This seems to not only penalize the married but also those who would have the most to gain from marriage -- the poor," said Jenny Tyree, an analyst at Focus on the Family, an evangelical organization based in Colorado.

Dickert-Conlin said that isn't borne out by research.

"Most of the literature says that people do not make decisions about whether or not to get married based on" government benefits, she said. "You might see bigger effects on the timing -- someone choosing to get married in January, instead of December."

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