



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

November 29, 2011

The Honorable David Phil Roe
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Roe:

Thank you for your letter of November 4 regarding the health insurance premium tax credit included in the Affordable Care Act. As you note, the Treasury Department and IRS issued proposed regulations on August 17, 2011 to implement this new tax credit provided under Section 36B of the Internal Revenue Code. The Congressional Budget Office has estimated that 20 million Americans will benefit from this new tax credit, which will make health insurance more affordable through new Affordable Insurance Exchanges starting in 2014.

The proposed regulations solicited public comments, so that the Treasury Department and IRS would have the benefit of a wide array of input and comment. We appreciate the views expressed in your letter, and we will consider them carefully as we work toward final regulations.

Even as we consider your input, I must respectfully disagree with the premise that our proposed regulations contradict the statute where they state that premium tax credits are available to those who obtain coverage through a Federally-facilitated exchange. The statute includes language that indicates that individuals are eligible for tax credits whether they are enrolled through a State-based Exchange or a Federally-facilitated Exchange. Additionally, neither the Congressional Budget Office score nor the Joint Committee on Taxation technical explanation of the Affordable Care Act discusses excluding those enrolled through a Federally-facilitated exchange.

I hope this information is helpful. I am sending a similar letter to your colleagues. If you have additional questions, please contact Floyd Williams, Director of Legislative Affairs, at (202) 622-3720.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Shulman".

Douglas H. Shulman