White Paper: Advancing American Health Care Reform with Trumpcare Age-Based Tax Credits

Executive Summary The American healthcare system suffers from escalating costs, inefficient structures, and entrenched dependence on employer-sponsored insurance (ESI) and income-based subsidies under the Affordable Care Act (ACA). This paper proposes a transformative alternative: implementing age-based tax credits, a cornerstone of "Trumpcare," to realign incentives, restore consumer ownership, and transition toward a sustainable, portable, and market-driven insurance model.

I. The Problem with Employer-Sponsored Insurance and the ACA

- **Employer-Sponsored Insurance (ESI)** currently covers nearly 160 million Americans but distorts market incentives by concealing true costs. Employers claim to "provide" insurance, yet workers pay the full cost through reduced wages and limited choice.
- **Portability Crisis:** ESI eligibility is tied to employment status. Losing a job due to illness can mean losing coverage precisely when it's needed most.
- **ACA Subsidy Distortions:** Income-based subsidies disincentivize work and create benefit cliffs. They fail to promote long-term financial independence or true insurance functionality.
- **Medicaid Expansion Illusion:** Growth in Medicaid enrollment is often touted as a success, but it reflects welfare dependence rather than reform. Medicaid is not portable, not insurance, and often suffers from limited provider access.

II. Trumpcare's Age-Based Tax Credit Model Trumpcare replaces income-based subsidies with simple, predictable age-based tax credits:

- $3,000 per year for ages 0-30
- Increases $100 per year of age starting at 31 (e.g., $3,100 at age 31, $3,200 at age 32, etc.)
- Credits are fully refundable and advanceable, empowering consumers to purchase portable, private insurance across state lines
- Excess funds flow directly into individually owned Health Savings Accounts (HSAs)

III. Structural Benefits of Age-Based Tax Credits

- **Restores Insurance Integrity:** Insurance should transfer risk, not subsidize routine expenses. Predictable costs belong in HSAs, not pooled premiums.
- **Unchains Workers from Employers:** Workers regain full control over their health coverage, allowing for job mobility and entrepreneurial freedom.
- **Tax Code Equity:** Replacing the hidden tax exclusion for ESI with transparent, equal tax credits removes favoritism and aligns incentives.
- **Portability & Choice:** Every American can select their plan, insurer, and provider regardless of employment, income, or geographic location.

IV. The Role of Individually Owned HSAs

- Every person, including children, should have their own HSA
- HSAs encourage savings, reduce over-utilization, and support intergenerational wealth transfer
- Family members may contribute to one another's HSAs, but ownership must remain individualized for tracking and growth

V. Fiscal and Policy Implications

- **Public Sector Transitions:** Local, state, and federal employees shifting from employer-sponsored coverage to tax credit-funded private insurance will significantly reduce unfunded liabilities
- **Medicaid Reform:** Offering age-based tax credits to Medicaid-eligible populations promotes independence, improves access, and reduces long-term costs
- **Economic Stimulus:** Redirecting compensation from employer premiums to wages expands consumer spending power and economic participation

Conclusion Trumpcare's age-based tax credit model is not just an insurance reform—it's a structural realignment of incentives and ownership in American healthcare. By restoring personal agency, transparency, and portability, this model represents the clearest path toward affordable, sustainable, and truly American health care reform. Congress should act now to implement and expand this approach as a voluntary, parallel option to the status quo.

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