

Age-Based Tax Credits: The Engine of President Trump's 'Great Healthcare Plan'

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BELLEVUE, NE, UNITED STATES, January 19, 2026 /EINPresswire.com/ -- President Donald J. Trump this week outlined [Trumpcare](#) his "Great [Healthcare Plan](#)," describing a reform framework intended to reduce healthcare costs, lower prescription drug prices, and deliver federal healthcare dollars directly to Americans. Central to the plan is a restructuring of healthcare financing through [age-based tax credits](#), allowing individuals to purchase health insurance independently and retain unused funds.

Under the plan, age-based tax credits function as the primary financing mechanism. Each American would receive a fixed, age-adjusted annual credit to purchase health insurance, regardless of employment status. The structure is voluntary and portable: individuals are not required to leave existing employer, Medicare, Medicaid, or ACA coverage, but may opt to use the credit if they choose.

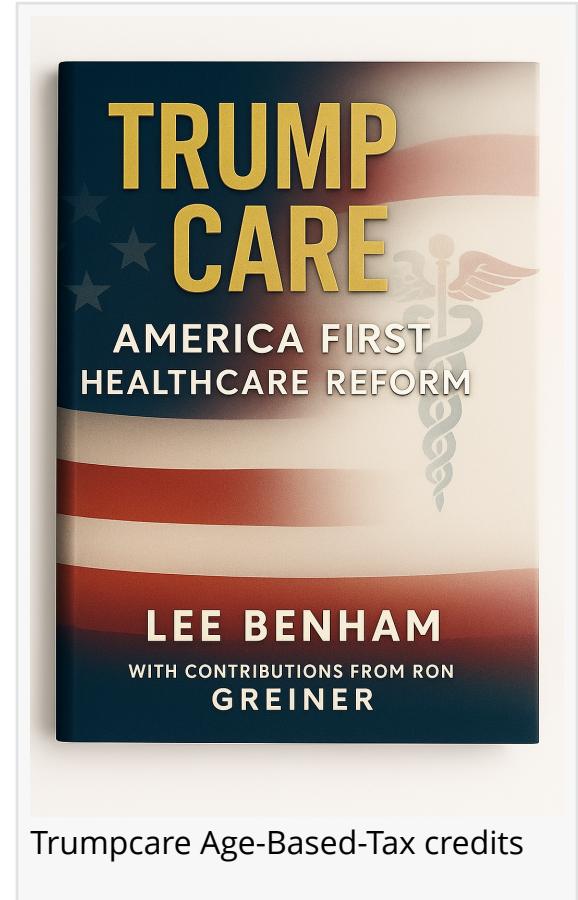
Credits would be deposited into a personal health account and applied toward the purchase of any qualified insurance plan. If coverage costs less than the credit amount, remaining funds will stay with the individual for future medical expenses. In remarks announcing the plan, President Trump stated that healthcare funding should go "directly to the people," enabling individuals to buy their own coverage rather than routing subsidies through insurance companies.

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Trumpcare puts over a trillion dollars a year back into the hands of the public where it belongs"

Lee Benham

Lower Costs Through Defined Contributions



Trumpcare Age-Based-Tax credits

President Trump stated that his plan is intended to provide "better healthcare at a much lower

price." Age-based tax credits establish a defined annual contribution for each individual, replacing open-ended healthcare financing with a fixed, predictable structure.

Individuals selecting lower-cost or more efficient plans would retain unused portions of their credit, creating a financial incentive to compare options and manage healthcare spending. This approach contrasts with employer-sponsored insurance, where individuals typically do not see the full cost of coverage and do not benefit directly from premium savings.

Analysts indicate that shifting from open-ended subsidies to defined contributions could reduce administrative costs and improve spending efficiency across the healthcare system while maintaining access to coverage.

Prescription Drug Prices and Insurance Premiums

The Great Healthcare Plan includes policies aimed at lowering prescription drug prices and insurance premiums. President Trump reiterated support for most-favored-nation drug pricing, under which Americans would not pay more for medications than the lowest prices paid internationally.

Age-based tax credits are intended to complement this policy by increasing competition among insurers. With individuals purchasing coverage directly, insurers would compete more actively on price, coverage design, and service. Similar competitive dynamics exist in Medicare Part D, where plan competition has historically restrained premium growth.

The plan also includes measures to reduce intermediary costs in healthcare financing, including restrictions on certain pricing practices and renewed funding mechanisms intended to stabilize premiums in the individual insurance market.

Direct Funding to Individuals

A central component of the plan is the redirection of healthcare funding from insurers to individuals. Under current systems, significant federal support is provided indirectly through tax exclusions, premium subsidies, and public program payments.

Age-based tax credits would instead deliver support directly to individuals, regardless of income, allowing them to determine how funds are used. If healthcare spending is below the credit amount, remaining funds would stay with the individual.

Individuals currently covered through employers or public programs would have the option, but not the obligation, to use the credit. This optional structure is designed to increase individual choice without mandating changes to existing coverage arrangements.

Transparency and Market Competition

The plan pairs age-based tax credits with expanded transparency requirements. Hospitals and insurers participating in Medicare or Medicaid would be required to publicly disclose pricing and fee information. Insurers would also report how premium dollars are allocated, including administrative costs and claim payment rates.

By combining transparent pricing with individual purchasing power, the plan aims to increase competition among insurers and providers. Under this framework, consumers would play a larger role in shaping market behavior through informed purchasing decisions.

Long-Term Economic Impact

Employer-sponsored insurance is currently supported by substantial tax exclusions that represent a significant federal expenditure over time. Age-based tax credits would convert indirect subsidies into direct assistance, potentially altering long-term healthcare spending patterns.

Employers would no longer be required to manage health insurance as a core function and could redirect resources toward wages or retirement benefits. Individuals retaining unused healthcare funds could accumulate savings for future medical needs.

Analysts estimate that even modest improvements in healthcare spending efficiency could result in large aggregate savings over time, with broader adoption yielding substantially larger long-term effects.

Conclusion

Trumpcare. Great Healthcare Plan is structured around age-based tax credits as its core financing framework. The approach provides defined contributions, individual choice, and optional participation, while maintaining existing coverage options.

By delivering healthcare funding directly to individuals, the plan seeks to lower costs, increase transparency, and allow Americans greater control over healthcare decisions, consistent with the President's stated objective of reducing costs and increasing individual flexibility within the healthcare system.

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