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## We need his influence, not his plan

**Bush's bid to revise tax deduction would increase the number of uninsured**

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In his State of the Union address, President Bush joined several states and a broad coalition of national health organizations in calling for new initiatives to reduce the number of uninsured in the U.S. Could we really be close to creating a plan to protect all Americans against the financial costs of a serious illness? Unfortunately, solving the problem is not easy. The number of Americans who lack any form of health insurance coverage is not small, and it grows every year. The latest estimate is that nearly 47 million Americans, or about 16% of the population, lack health insurance protection.

I wish I could be more positive about the president's plan because we need his leadership to pass federal legislation to make a serious dent in reducing the number of uninsured. Even by his own estimate, the president's plan would only reduce the uninsured by a few million, and it's possible that it could make the problem worse. The president's plan calls for providing all Americans with a tax deduction of \$7,500 for an individual and \$15,000 for a family if they buy individual health insurance or receive it through their employer. For those who have a health insurance plan that costs more than \$15,000, a new tax would be imposed on the additional amount. The president

indicated that his plan would level the playing field between individuals buying insurance on their own and those receiving it through their employers.

What the president didn't say is that his plan would help to undermine the basic approach used in the U.S. to help most working Americans pay for healthcare services. Employer-based health insurance covers about 100 million working Americans and their families. By going through the workplace, the administrative costs of insurance are much lower than the costs of individual coverage, and it facilitates the sharing of risk between healthy individuals and those with high medical expenses. The president's plan would put at risk those low-wage workers who now get coverage through their jobs and who could lose that coverage since the tax advantage now available for employer-based coverage would be eliminated.

An employer could end workers' coverage knowing that they could receive a tax deduction if they bought insurance on their own. This is particularly true if they work for a small firm. But, with individual insurance likely to be more expensive and the individual tax deduction

of limited value for low-income families, Bush's plan could result in these workers losing coverage and swelling the ranks of the uninsured.

A decline in private coverage and other aspects of the president's plan would also undermine important segments of our healthcare delivery system. Most hospitals and doctors look to higher payments from private insurance and extra revenue from the federal government to help cover losses from providing care to the uninsured and the below-cost payments they receive from Medicaid and Medicare. The plan calls for a new program to provide aid to states that would encourage them to cover their uninsured, and a reduction in federal payments to safety-net hospitals to pay for the program. Unfortunately, very few states have created such a plan, and even if they did, safety-net providers will continue to need help to pay for the added expense of caring for hard-to-treat patients.

On a positive note, the fact that the president included a plan to reduce the uninsured in his State of the Union speech indicates that this issue has again emerged as a top domestic problem worthy of immediate attention. With the 2008 presidential campaign already under way, all candidates will be forced to add their plans to the list of solutions. I would suggest that they look seriously at the plan passed in Massachusetts.

The Massachusetts plan is not a token response. When fully implemented, it could cover almost all the uninsured in the state. It is a bipartisan approach that builds on our current financing and delivery system. It requires government, employers and individuals to share responsibility to make the plan work.

Several other states, including California, are considering passing a similar plan. That's great. But in the end, we need a federal system to have the U.S. finally join every other industrialized country in providing health insurance to all its citizens.

As the national health insurance debate heats up, I am hoping that we will repudiate "Altman's Law." I have been a participant in every national effort to pass national health insurance since 1971. I have observed that while most of the major health organizations came up with a proposal to solve the problem, when it came time to agree on an acceptable approach, most indicated that if their plan wasn't adopted, they preferred the status quo. And that's what we got.

But the status quo is getting less and less acceptable. It negatively affects the health status of the uninsured, generates higher costs for all of us who are insured—including through government programs—and aggravates the financial position of many health providers.

It's time we solved the problem.