

Friday, July 11, 2008

Taxes could be next frontier for health care

Latest Medicaid expansion is the foundation for universal coverage, advocates say
by Sean R. Sedam | Staff Writer

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ANNAPOLIS — New taxes on tobacco, alcohol and business could be among proposals for further expanding health care during the 2009 General Assembly.

As state officials and health care advocates this week celebrated the July 1 Medicaid expansion that makes 100,000 Marylanders eligible for health care, advocates pushed the federal government for more reform. They are preparing a plan for the next step toward expansion in Maryland.

“Later this year we will unveil a smart, Maryland-specific, economically sound way to guarantee quality, affordable health care for all Marylanders,” said Vincent DeMarco, president of the Maryland Citizens’ Health Initiative.

DeMarco declined to provide a timetable or discuss details, saying his group is focused on getting people enrolled in the new initiative.

But Senate Finance Chairman Thomas McLain Middleton said DeMarco told him this week that the plan could include a 2 percent payroll tax on all businesses, a 50 cent-per-pack tax increase on cigarettes, and higher taxes on beer, wine and liquor.

“We’re talking about all possible scenarios,” DeMarco said. “These things may or may not be in what we finally announce. There’s nothing that we’ve decided on.”

Middleton (D-Dist. 28) of Waldorf predicted that the proposals are “going to be very, very controversial. ... You’re going to see a whole coalition of forces coming together in opposition and support.”

House Minority Leader Anthony J. O’Donnell said it would be “absurd” to consider raising taxes when the economy is faltering and state revenues are down.

“Vinny DeMarco and groups such as his haven’t met a government-run program that they don’t like and they haven’t come across a tax that they find untouchable,” said O’Donnell (R-Dist. 29C) of Lusby.



Photo courtesy of Health Care for America Now!
President of Progressive Maryland Elbridge James speaks about the new national campaign to get quality affordable health care Tuesday in Annapolis.

“In other words, these people will tax us to death in the name of socializing government-provided programs. But the political reality is the Democratic-led General Assembly and this current governor have just raised massive taxes on the backs of Maryland citizens and on the backs of Maryland’s working families. For that reason, anyone talking about additional taxes ought to go to the health care system and have their head examined,” O’Donnell said.

The plan is a work in progress, DeMarco said.

“The plan will help alleviate the economic burden on Marylanders, particularly small businesses, of health care,” he said. “Any plan, at the state level or the federal level, has got to include Medicaid expansion.”

Medicaid is just one piece of the puzzle in covering the estimated 700,000 Marylanders who are uninsured, said state Health Secretary John M. Colmers.

“You cannot look at the uninsured as monolithic,” he said. “It is not only low-income people. There are middle-level-income people who are uninsured, and there are indeed people with a higher level of income who are uninsured. And so you cannot think of this exclusively as a problem that government can solve through the Medicaid program.”

Health care, energy and the environment will be the big issues for the 2009 session, Middleton said.

As for expanding health coverage, “A lot depends on the economy,” Middleton said. “I just hope we can keep what we’ve got.”

Maryland’s “all-payer” system, in which private insurers, health maintenance organizations, Medicare and Medicaid all pay the same for hospital services under rates set by the state’s Health Services Cost Review Commission, “safeguards [the latest coverage expansion] from economic forces,” Middleton said.

Parents with annual incomes up to \$20,500 for a family of three whose children are enrolled in the Maryland Children’s Health Insurance Program are the first to be enrolled. About 2,400 had enrolled as of Monday. The expansion package also included \$15 million in subsidies for businesses with from two to nine employees whose wages are below \$50,000 a year to provide coverage.

The next — and more difficult — step is phasing in childless adults between fiscal 2010 and fiscal 2013.

“They’re a more extensive population,” Middleton said. “... I think it’s fairly safe to say if the slots initiative does not pass, you definitely will not see an expansion of health care to [childless] adults.”

Even if the November ballot referendum legalizing slot machine gambling passes, if the economy worsens it could mean deciding whether to make cuts elsewhere or not expand health care, he said.

“Those are going to be some very tough decisions,” said Middleton, adding that revenue projections show things are likely to get worse before getting better.

Middleton was skeptical that the General Assembly would be able to pass a \$1-per-pack cigarette tax increase during last year’s special legislative session. In the end, the measure was successfully included in the Medicaid expansion. It was a “very, very, nonpolitically harmful way to get additional revenue,” he said.

A 2 percent payroll tax on businesses would be the toughest part of DeMarco’s plan to get through the legislature, Middleton said.

The difficulty could rival the so-called Wal-Mart Law, which was struck down by a federal court in 2007.

The law, which would have affected only Wal-Mart, called for companies with more than 10,000 employees to spend at least 8 percent of their payroll on employee health care.

The state should rely on money already in the system from uncompensated care costs to further expand health care, said House Health and Government Operations Chairman Peter A. Hammen, who with Middleton shepherded the Medicaid expansion through the legislature.

“I’m not a person that’s going to be looking for new taxes in order to pay for this,” said Hammen (D-Dist. 46) of Baltimore.

While advocates wait for the next round of debate over what more the state can do to expand health care, this week

they called on the federal government to act.

On Tuesday, a group of labor and civic leaders and health care advocates, including DeMarco, gathered in Annapolis to announce a \$40 million nationwide campaign for quality, affordable, universal health care.

Health Care for America Now! staged announcements in 52 cities. It plans to press candidates for federal office on health care and develop legislation to take to Congress and a new president next year.