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Proposals Attach a Price to Universal Health Care

By MILT FREUDENHEIM

The debate over providing health care for the 41 million Americans without insurance moved into the realm of dollars and cents yesterday as sponsors of several plans for universal insurance coverage produced cost estimates for the first time.

One insurer proposed a plan that would cost \$10.2 billion annually to cover 6.6 million people without insurance in California, while a foundation proposed spending \$90 billion a year to cover almost every uninsured American.

Also yesterday, Representative Richard A. Gephardt, the Missouri Democrat who is running for president, proposed repealing planned federal tax cuts to provide insurance to all Americans.

The new spending in the plans, proposed by Blue Shield of California, a nonprofit insurer, and the Commonwealth Fund, a New York foundation, would come largely from government budgets, and each plan would divert money from the Bush administration tax cuts that have not yet been carried out. A new tax on employers who do not provide basic benefits for employees would pay for much of the rest.

Employer groups greeted the proposals warily. "Fining small business owners who can't afford health insurance certainly isn't going to make insurance more affordable," said Jessie Brairton, a lobbyist for the National Federation of Independent Business, a small-business group.

Neil Trautwein, director of employment policy at the National Association of Manufacturers, said that 97 percent of his group's members provided health coverage, but that "we will object vehemently to any proposal to convert this voluntary system into an involuntary system."

Helping the uninsured get coverage is a high voter priority in many polls. In a poll for the Kaiser Family Foundation and National Public Radio before Congressional elections last fall, 69 percent said it was "very important." About half said the uninsured should be a top priority, as important as helping people over 65 pay for prescription drugs.

Under the plan for California proposed by Blue Shield, state spending would rise \$4.6 billion for expanded Medicaid and family subsidies, to be financed through a 1 percent increase in state sales or income taxes. Federal matching money for those low-income programs would rise by \$2.3 billion.

California employers, including big retailer chains that do not cover thousands of workers they classify as "temporary," would face a 7 percent state payroll tax on the wages of their uninsured employees unless they expand their coverage.

The total cost to California businesses that do not provide basic coverage would be \$3.2 billion, Blue Shield said. But Blue Shield predicted that employers who currently cover all their employees would

eventually save \$1.3 billion through reduced medical charges. That is because hospitals could stop forcing employers and insurers to make up for charity and other nonpaying patients, said Bruce Bodaken, chairman of Blue Shield of California.

The Commonwealth Fund proposal includes \$70 billion from the federal government, of which roughly \$39 billion would come from a repeal of the 1 percent tax cut scheduled to take effect in January. In addition, a nationwide assessment on employers of 5 percent of each uncovered employee's wages up to \$1 an hour would raise roughly \$10 billion. The foundation predicted that employers would spend \$10 billion more to provide coverage instead of paying the assessment.

The authors of the Commonwealth Fund proposal, Karen Davis and Cathy Schoen, said they doubted that financially hard-pressed states would increase health spending.

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