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## Experts laud health care emphasis, disagree on deduction

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By BOB MOOS / The Dallas Morning News

Health care experts in North Texas welcome President Bush's new emphasis on reducing the ranks of the uninsured, but they disagree over whether his ideas for expanding access to health care coverage are the right prescription.

Mr. Bush used his State of the Union address Tuesday night to outline his plans for making private health insurance affordable for more Americans.

"The president's proposals will be the starting point for what I hope will be a far-reaching health care debate on the federal level," said David Tesmer, senior vice president of advocacy and community benefit for hospital operator Texas Health Resources.

But others aren't convinced that the president's proposals will lead to significant changes.

"It's difficult for me to understand how these ideas will cover enough people so that we don't need safety-net hospitals anymore," said Ron Anderson, president and chief executive officer of Parkland Memorial Hospital.

Forty-seven million Americans – one-sixth of the

population – are without health insurance. In Texas, nearly 5.6 million people – one-fourth of the state's population – lack basic health benefits, according to the Texas Hospital Association.

The Bush proposal that's drawing the most attention from health care experts would give a standard tax deduction of \$15,000 for families and \$7,500 for individuals who purchase health insurance either on their own or through an employer.

Currently, employees aren't taxed on the value of their employer-provided health insurance. But under the president's proposal, anyone with an employer plan worth more than the standard deduction would pay taxes on the difference.

Marianne Fazen, executive director of the Dallas-Fort Worth Business Group on Health, said the new deduction would provide an important financial incentive for uninsured Americans to purchase basic coverage.

"Many of these people are self-employed or work for small businesses that can't afford to provide insurance," she said.

At the same time, anyone whose health insurance costs exceeded the standard deduction would face the prospect of higher taxes and would have a new incentive to become more cost-conscious when buying coverage, Ms. Fazen said.

"People in benefit-rich plans don't question health care expenses the way that people in more common plans do," she said.

Ms. Fazen said she welcomed Mr. Bush's efforts to rein in soaring health care costs that are making it harder for businesses to compete globally.

### Concerns about coverage

Still, Mr. Tesmer at Texas Health Resources, whose hospitals include Presbyterian in Dallas and Harris Methodist in Fort Worth, said lawmakers need to be careful they don't undermine the job-based health insurance system that has existed since World War II and now serves more than 150 million Americans.

"In trying to broaden access, we don't want to endanger the people who already have coverage," he said.

For example, Mr. Tesmer said, people who buy lower-cost insurance to avoid higher taxes might end up with inadequate coverage.

Carl Kleimann, president of Odyssey OneSource Inc., a human resources firm in Euless, said he worries that Mr. Bush's proposal will prompt some smaller companies to drop their group insurance and throw workers into the individual insurance market.

"If you fiddle with the employer-based insurance system too much, some businesses will just walk away from it," he said.

Mr. Kleimann said some lawmakers' rhetoric about weaning people away from "Cadillac" insurance plans is overblown.

"There are no Cadillac plans anymore, only Chevrolet coverage," he said.

**John Goodman, president of the National Center for Policy Analysis** in Dallas, praised the president's idea of a standard tax deduction for health insurance because it would redistribute tax benefits from the haves to the have-nots.

"It levels the playing field for people who buy health insurance on their own rather than through their employers," he said.

Currently, the government gives smaller tax breaks, or none at all, to many people who purchase insurance themselves.

"If you're buying insurance on your own, you have to earn more to pay for your health care," Mr. Goodman said. "That's not fair."

Mr. Bush's plan would allow people to take the same deduction wherever they buy their coverage, he said

Though others have previously suggested eliminating this tax inequity, Mr. Goodman said the president's idea may have more political currency because the nation's 77 million aging baby boomers are approaching retirement.

"Many boomers will retire before 65 and will shop for individual insurance to get them to Medicare," he said. "When they're out there on their own, without the tax break they've enjoyed through their past employer, they're going to suffer sticker shock."

Help for states

The other major aspect of Mr. Bush's health care plan would encourage states to help low-income individuals purchase private insurance.

Under this proposal, the federal government would reduce its subsidies to health care providers that now serve the uninsured and would instead give that money to states trying to help the uninsured buy basic coverage.

Mr. Goodman said Mr. Bush is proposing a more efficient use of charity care dollars.

"The goal should be to persuade people to buy insurance, not just to allow them to get free care," he said.

But other health care experts express skepticism.

"I'd love to know how many of the uninsured the administration thinks it can cover with this money. If it's only a few million, then it's not worth taking money away from the nation's safety-net hospitals," Dr. Anderson said.

"It's only going to hurt the poor, maybe irreparably," he said.

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