

House Democrats put new health plan on table; would tax doctors, cosmetic surgery, cigarettes to do it

By Keith M. Phaneuf

Four Democratic state representatives on Tuesday unveiled the latest plan to dramatically expand health insurance, emphasizing new incentives in the private sector.

The proposal, which calls for nearly \$900 million in new spending, would boost compensation for doctors and others who treat the poor while expanding eligibility and improving marketing of the state's health insurance program.

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It also would levy \$670 million in new taxes, pay out over \$300 million in new tax incentives, and pull an estimated \$300 million in new federal aid into Connecticut.

The proposal does not mandate health insurance coverage for anyone, children or adults. And unlike a Senate Democratic plan offered last month, this bill relies more heavily on getting people coverage through private employers, rather than through an insurance plan developed by state government.

"We expect there would be health care available for every single citizen in Connecticut," said Rep. Michael A. Christ, D-East Hartford, who worked with fellow Democratic Reps. Deborah W. Heinrich of Madison, Brian J. O'Connor of Clinton, and Linda Schofield of Simsbury on the bill.

"We've tried to use the health care infrastructure as it currently stands," Christ added. "We're building upon parts of it, improving where there's holes, trying to control costs and promote wellness."

The proposal takes two big steps to try to help more Connecticut residents find insurance through private employers.

One component involves corporate or personal income-tax credits for small businesses, ranging from 25 percent to 50 percent, if they provide affordable coverage for workers - and not necessarily a plan that matches the health coverage provided state employees. These credits are expected to provide almost \$290 million in assistance to businesses.

The bill also would pump about \$500 million into Medicaid rates for doctors and others who treat poor patients. These rates haven't been adjusted in more than a decade and lawmakers say Medicaid patients are finding it increasingly difficult to find doctors who will treat them.

The plan doesn't rely entirely on the private sector, though.

The four legislators proposed expanding eligibility in the Husky program for adults, allowing those in households earning up to 185 percent of the federal poverty level to receive state coverage. The current limit is 150 percent. They also would expand marketing for Husky.

The anticipated additional caseload and added marketing costs are expected to total about \$55 million.

The plan also includes about \$12 million in sales tax incentives to promote wellness, such as a break on health club memberships.

To linchpin of the plan to pay for all of this is a new 3 percent tax on revenue earned by doctors and other care providers, expected to raise about \$600 million.

Because the proposal would return about \$500 million of that revenue to care providers who treat the poor, state government could seek additional federal reimbursements for spending under the Medicaid program, and O'Connor says that should boost federal aid by \$300 million.

The plan also would raise \$40 million through a new tax on cosmetic surgery, and \$30 million with a proposal to boost the cigarette tax from \$1.51 to \$1.75 per pack.

Lastly, the plan calls for \$100 million that already goes into the general fund every year - specifically from a lawsuit settled in the late 1990s with five big tobacco companies - to be reserved for the new health care program.

That would create a hole in other parts of the budget that would have to be filled either with spending cuts or tax hikes not defined in the plan.

Christ added that lawmakers considered a mandate that children must be ensured. And though it hasn't been ruled out, he questioned whether there's enough votes for that step. "I don't think we're there yet," he said.

Connecticut Voices for Children, a New Haven-based nonprofit, issued a report in September based on federal census data that found that 11.3 percent of state residents,

about 394,000, were without health insurance for all 12 months of 2005. That figure includes about 68,000 children, or 8.2 percent of the child population.

Christ said his group's goal is to reduce the uninsured ratio to 3 percent over the next five years.

The plan drew mixed reactions at the Capitol.

House Speaker James A. Amann, D-Milford, who pledged to make reducing Connecticut's uninsured population a top priority in 2007, said the latest plan "is a solid, well-thought-out proposal, and the best I've seen yet.

"Answers to our health care crisis will not come easy, and the only way we will develop workable solutions is by exploring many ideas."

Beverly Brakeman, director of the Farmington-based health care advocacy group Citizens for Economic Opportunity, said that while the proposal has some good intentions, it relies heavily on a private sector that already leaves many residents uninsured.

"The work they put in is very admirable," she said. "But it looks like they're trying to work within a system that's already very broken."

The Connecticut State Medical Society issued a statement saying, "We are very troubled, however, by any proposal that adds more burdens for physicians caring for their patients. The proposed provider tax is really another barrier to health care."

And Nora Duncan, director of the Nonprofit Human Services Cabinet - a liaison group between nonprofits and state government - said she fears a provider tax could be aimed at community-based social service agencies that already are struggling with decades of underfunding from state government.