

FAIR SHARE HEALTH CARE PLAN

For more information or if you have questions, see <http://www.healthcareforall.com> or contact the Maryland Citizens' Health Initiative at 410-235-9000; email: plan@healthcareforall.com

SB 790 -- Senators Lawlah, Astle, Currie, Exum, Forehand, Frosh, Gladden, Green, Grosfeld, Hogan, Hollinger, Jones, Kelley, McFadden, Miller, Pinsky, Ruben, and Teitelbaum

HB 1284 -- Delegates Healey, Barkley, Benson, Bobo, Boschert, Bronrott, Cane, Carter, G. Clagett, V. Clagett, Conroy, Cryor, C. Davis, Donoghue, Doory, Dumais, Feldman, Franchot, Frush, Gaines, Gilleland, Goldwater, Goodwin, Gutierrez, Haynes, Heller, Hixson, Holmes, Hubbard, Kaiser, Kelley, King, Kirk, Krysiak, Lee, Love, Madaleno, Malone, Mandel, Marriott, McHale, McIntosh, Menes, Moe, Murray, Nathan-Pulliam, Niemann, Oaks, Paige, Parker, Patterson, Pendergrass, Quinter, Ramirez, Rosenberg, Ross, Rudolph, Taylor, V. Turner, and Vaughn

Most large employers in Maryland offer quality, affordable health care benefits to their employees. If it weren't for these large employers doing their "fair-share," many more Marylanders would be uninsured or underinsured today.

Unfortunately, there are larger employers who are not doing their "fair-share". These employers either offer benefits with too many rules attached or offer benefits that are so costly that few employees can afford to purchase it. When uninsured workers and their families go to the emergency room, the costs are passed along to businesses that do offer real health benefits to their employees. When competing for the same bid, the firm that does not provide health insurance can put in a lower bid than the company that does provide benefits. That is an unfair competitive edge.

The "Fair-Share Health Care Plan" for large employers will level the playing field so that business can compete fairly. It will push companies that currently don't provide quality, affordable health care to begin doing so. And it will put more funds into health care expansion so that more Marylanders get access to high quality, affordable care.

Description of Proposal

- Starting in 2007, all employers with 10,000 or more employees would be required to attest to the amount of money they spend on all health expenditures for workers, dependents and retirees:
 - Eligible expenses include only those deductible for federal tax purposes, as defined by the Internal Revenue Service (IRS).
 - Earnings per employee would be assessed up to the median family income in Maryland (currently \$55,213) but the assessment would not apply to wages for workers eligible for Medicare.
 - Expenditures would be reported in gross dollars and in % of payroll.
 - Sworn statements submitted by companies would be subject to random state audit for verification.
 - Employers must also submit information on the number of part/full time employees and whether their uncovered employees receive health care through another source.

- Private employers who spend less than 8% of payroll would pay the State the difference between what they spend on benefits and the 8% payroll amount. Non-profit employers who spend less than 6% of payroll would pay the State the difference between what they spend on benefits and the 6% payroll amount.
 - Companies not doing their "fair share" could choose whether to increase their spending on health care benefits or pay into a special fund to help expand Medicaid eligibility.

Why support “Fair Share Health Care” for Large Employers?

FAIRNESS

The Maryland Chamber of Commerce’s 2005 Business Agenda calls for careful review and revision of current government mandates especially those that “add to the cost of health insurance [for business] and limit customer choice.” While the state’s all-payer hospital system has proven to be an asset for hospital economies and the health care system on the whole, it has unfairly shifted the hospital costs of the uninsured from “non-insuring and under-insuring employers” to businesses that provide quality health insurance to their employees.

“All we ask for, and what we need, is a 'level playing field' where every employer pays their fair share, and where a company's competitive advantage is achieved by means other than avoiding the provision of medical care coverage and shifting the costs towards those companies who do provide that coverage.”

-- Dick Baird, CEO, Giant Food, Baltimore Business Journal, 2003

In Maryland, hospitals must inflate their charges to subsidize the uninsured. These extra charges are paid for directly by businesses that insure their workers, all insured people of the state, and by Maryland taxpayers. Each year, the state and federal government along

with responsible Maryland businesses contribute \$400 million to Maryland hospitals – subsidizing the costs of hospital care for the uninsured and giving non-insuring or under-insuring businesses a “free ride”.

Most large employers pay 9% or more of wages on health insurance, according to various industry studies, including companies like Giant Food and Safeway. However, there are a few large employers that pay just 3-8% of payroll on health benefits. Because the health benefit package they offer is so unaffordable, few employees elect to purchase it. As a result, when uninsured employees or their dependents get sick, they go to the emergency room for care and the costs of care are shifted to companies that do insure their workers.

INCENTIVE TO PURCHASE BENEFITS IN THE PRIVATE HEALTH INSURANCE MARKET

Facing up to an 8% of payroll health system user fee, non-insuring or under-insuring companies would have a real economic incentive to begin offering affordable health benefits to their employees. A firm electing to pay the assessment, for example, would pay the equivalent of health benefit costs but not enjoy the benefits of reductions in turnover, training and recruitment costs as well as the federal tax deductions for their employees’ insurance.

REVISE A CURRENT MANDATE TO CREATE A LEVEL PLAYING FIELD

This proposal redistributes the cost of an existing mandate—the mandate on insuring employers to subsidize the cost of care for the uninsured—more equitably within the business community. The alternative is to continue with an un-level playing field that drives up the cost of health insurance, limits consumer choice and creates a financial incentive for employers to drop coverage. Failure to reverse this situation and stem the erosion of employer sponsored coverage will lead eventually to collapse of the private market system and the push for a publicly financed health care system.

