

Mass. House eyes tax hike to broaden healthcare Alcohol, cigarettes are possible targets

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Massachusetts House leaders are considering a tax increase on cigarettes or alcohol to pay for a major healthcare expansion, proposing to add 147,000 low-income parents and children to Medicaid and to subsidize private insurance coverage for 200,000 more people, according to legislative sources.

The House leaders' approach boosts the idea of tax increases in the healthcare debate that is expected to dominate Beacon Hill over the next month or more. The approach relies far more heavily on government-provided Medicaid coverage than alternative proposals outlined earlier by Governor Mitt Romney and Senate President Robert E. Travaglini.

According to legislative sources familiar with the House approach, House Speaker Salvatore F. DiMasi and other top House lawmakers have not decided whether to tax cigarettes or alcohol or both. But the sources said that House leaders believe they must find up to \$170 million a year in new state money to pay for their plan.

The state cigarette tax is currently \$1.51 per pack, and lawmakers have said that a 60-cent a pack increase in the cigarette tax would raise about \$150 million annually. Alcohol is exempt from the state's retail sales tax.

More details of the House and Senate approaches are expected to emerge in the coming days, as lawmakers begin to weigh strategies to cover the state's uninsured residents. But the prospect of a tax increase complicates the picture for Romney, who is widely seen as wanting a healthcare bill that he could boast about if he runs for president in 2008. Romney has ruled out new taxes to finance an expansion of health coverage.

"I can't imagine a tax that I would support," the governor said last week.

Travaglini did not include a tax increase in his healthcare proposal, but a Travaglini spokeswoman would not rule out new taxes late last week.

One of Travaglini's key lieutenants said he detects more support for a cigarette tax increase than a tax on alcohol. "That one has potential," said Senator Richard T. Moore, an Uxbridge Democrat and cochairman of the Joint Committee on Health Care Financing.

The Travaglini and Romney plans would not expand Medicaid eligibility. Under the House plan, the state would add more people to Medicaid by loosening the income restrictions used to determine eligibility for that state-federal health program.

The House would make children in households earning 300 percent of the federal poverty level, or \$48,270 for a family of three, eligible for the coverage. The current standard is 200 percent of the poverty level, or \$32,180 for a family of three.

In addition, the House plan would expand Medicaid to parents making 200 percent of the federal poverty level. Currently, only parents making no more than 133 percent of the poverty standard are eligible.

The House approach adopts strategies favored by a coalition of religious leaders and advocacy groups who are collecting signatures to put a healthcare measure on the 2006 state ballot. That proposal hews closely to another healthcare bill filed by Moore.

"We think that makes the most sense; that's why that was the approach that we recommended," said John McDonough of Health Care for All, one of the groups leading the charge for the ballot initiative. "It's a way to provide the greatest health security for folks."

Travaglini's plan, which he says would cover about half the uninsured, would allow insurance companies to offer lower-cost policies with scaled-back benefits.

His plan does not include an ironclad requirement that employers cover their workers. But it would force companies

that employ 50 or more people and don't provide healthcare coverage to reimburse the state when their employees seek treatment from the public free-care pool. The state and health groups estimate that there are 460,000 to 532,000 uninsured in Massachusetts, but two months ago the US Census bureau said the number had increased to 748,000.

Instead of requiring employers to provide insurance to workers, Romney would require individuals to purchase their own plans. He would alter state rules to allow insurers to offer stripped-down coverage at a monthly premium of about \$200. People who choose not to obtain health insurance and refuse to pay for healthcare they receive would face tax penalties and even the garnishment of their wages. No other state has such a requirement.

The Joint Committee on Health Care Financing is expected to approve the House bill on Oct. 31. DiMasi promised last week to put a healthcare bill on Romney's desk by Nov. 16, when the Legislature is scheduled to adjourn, and he threatened to recall lawmakers if they miss that deadline.

In a speech last week, DiMasi did not disclose his position on whether individuals should be required to buy insurance or whether employers should be forced to offer it to workers. DiMasi hinted that he might support both, but in words that left him wiggle room.

"We will ask individuals to take more responsibility for obtaining health coverage, and we will also try to assist them as they do so," he said. A few moments later he said: "We want to encourage employers to maintain their commitment to their employees. . . . Businesses that currently do not offer insurance will be encouraged to do so."

The Blue Cross Blue Shield of Massachusetts Foundation, which invited DiMasi to speak at a meeting at the John F. Kennedy Library, has backed Romney by arguing that any realistic effort to cover all of the state's uninsured must require individuals to purchase insurance.

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