



March 27, 2009

Let Your Voice Be Heard on the House Cigarette Tax Debate!

Close Preliminary Vote Means You Need To Weigh In On Cigarette Tax NOW

It is important the House members hear from their constituents over the weekend: "Vote for the cigarette tax increase to help reduce the number of uninsured and keep the tax increase at a minimum of 50 cents a pack."

The House Ways & Means Committee has reported out Speaker Harrell's cigarette tax bill (H. 3584). Action may take place on the floor of the House as early as Wednesday.

Support for the 50 cent increase in Ways & Means was soft. An amendment to cut the increase to 30 cents a pack was tabled by only 14-10. Many of those who have been voting for this bill because it is the Speaker's bill clearly are not very supportive.

H. 3584 increases the tax on cigarettes by **50 cents**. That is projected to **raise \$147 million per year**. The first \$5 million of that goes to smoking cessation programs. One penny of the increase (\$2.9 million) goes to the marketing and branding of South Carolina agricultural crops or produce.

The remainder goes to the South Carolina Healthy Families Insurance Trust Fund. Ninety percent of that fund is available to provide premium assistance of up to \$3,000 per person for low-income (below 200 Percent of the federal poverty level) individuals or employees of small businesses (25 or fewer employees) through the South Carolina Healthy Families Insurance Plan. Individuals could receive up to 75 % of the actual cost of the insurance, while small businesses could receive up to 67 % of the actual cost of the insurance. These subsidies are limited to U.S. citizens who have lived in South Carolina for at least a year. When money runs out, no more certificates for premium subsidy will be issued. The program will be administered by the Department of Insurance.

The intent is to seek a waiver from the federal government, like the one received by Oklahoma for a similar plan, to allow federal Medicaid dollars to match state funds. As amended in Ways & Means, SC Dept. of Health & Human Services would have to apply for that waiver within 90 days.

In addition, the bill creates a Palmetto Health Care Safety Net Program in the state's High Risk Pool. For individuals with family income up to 400 % of the federal poverty level will be able to buy a health insurance plan. The price to the individual is based on a sliding scale with individuals up to 100 % of the federal poverty level being charged \$1,000 a year, going up to \$4,000 a year for those in the 300 to 400 % of the federal poverty level bracket. Participants will be required to cooperate with comply with all care coordination plans, case management procedures, and managed care criteria of the program developed by the Department of Insurance. This will be a highly managed care plan. Funds for this program are those left over after all premium subsidies are paid out of the Healthy Families Insurance Trust Fund up to 90 % of that Fund's balance.

The premium subsidy plan would begin in July of 2010 and the Health Care Safety Net Program would begin in January 2011.

Contact information:

<http://www.scstatehouse.gov/html-pages/housebios.html>

A big thanks to SC Fair Share for providing this update information.

About Us...

South Carolina Appleseed Legal Justice Center is dedicated to advocacy for low income people in South Carolina to effect systemic change by acting in and through the courts, legislature, administrative agencies, community and the media, and helping others do the same through education, training and

co-counseling.

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