



End to hidden tax is priority in health reform

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THE ISSUE: Health care reform

OUR OPINION: Sharing costs fairly must be priority

President [Barack Obama](#) and doctors attending the American Medical Association convention didn't exactly hit it off during the president's address a week ago. Despite cheering for Obama's call for reform that brings care to all Americans, the physicians offered visible disapproval of the president's stated unwillingness to seek broader protection for doctors from medical malpractice suits.

Washington pledges to move quickly with health reform, but there are many miles to go and mountains to cross.

Obama's goal of providing health care insurance to all is a top priority, but how to achieve the objective will be the subject of an intense battle. Privately insured individuals have a lot at stake.

Sue Berkowitz is the director of the S.C. Appleseed Legal Justice Center (www.scjustice.org) Frank Knapp Jr. is the president and CEO of the S.C. Small Business Chamber of Commerce (www.scsbc.org). In a recent submission, they note the consumer health organization Families USA released a report that reveals that privately insured residents of South Carolina and other states pay a "hidden health tax" every year averaging \$1,017 for family and \$368 for individual health insurance to subsidize health care for the uninsured.

This happens because health-care providers must increase their costs to cover those with insurance in order to pay for the uncompensated care to the uninsured. The insurance companies then pass on these higher costs to their policyholders in the form of higher premiums.

This hidden health tax actually would be a lot higher, but the uninsured do struggle to pay for some of their care (37 percent), and charity and other programs pay about 26 percent of their care, Berkowitz and Knapp write.

"Nationwide this hidden health tax was approximately \$42.7 billion dollars in 2008. So are individuals and businesses that pay this extra premium every year getting their money's worth in helping the uninsured? Not hardly."

The problem is particularly acute in places such as The T&D Region, where a higher-than-average number of people live at or below the poverty line.

Berkowitz and Knapp explain: "The uninsured delay seeking medical care because they don't have coverage and don't have extra money from their paychecks to pay to see a doctor. So by the time they finally do seek medical care, they are much sicker. That's why uninsured adults are more likely to be diagnosed with a disease in an advanced stage, which costs more to treat. The health care received by the uninsured is thus untimely, often inadequate and doesn't include essential preventative care."

More than 1 million South Carolinians were uninsured over the past year. All of them are receiving poor-quality health care partially subsidized through the hidden health tax that drives up the premiums of the privately insured. And with rising costs, fewer and fewer businesses are able to offer the benefit of health insurance. The problem is growing and will continue to grow without a change in the way the system works.

Berkowitz and Knapp say "it is time for every individual and business owner paying for health insurance to demand that we fix this costly, inefficient health-care system. Of course, every uninsured individual and business unable to afford health insurance for employees should also demand change.

At the White House, in Congress and in the offices of physicians, there is realization that the present system is broken.

Coming together to fix it will involve compromise and even sacrifice. But the end result should be as the two writers state: "All Americans and businesses deserve an affordable health-care system that controls costs, requires all to share the costs fairly, is accessible and delivers high-quality health care."