

Enacting small business health insurance relief: the right move for the state's political leaders

The South Carolina General Assembly is considering a bill that provides a historic opportunity to help the state's small businesses and, at the same time, help stem the growing tide of medically uninsured workers in South Carolina.



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Kudos to Charleston representative Chip Limehouse for being one of the sponsors of House Bill 4850, the "Small Business Health Insurance Premium Assistance Act."

This is one piece of legislation without a phony and misleading title; it would do exactly what it says and would be sound public policy.

By raising the cigarette tax to 32 cents a pack from a ridiculously low 7 cents, the legislation would provide a significant source of funding for the program. The increase would bring our cigarette tax to a level that would still be lower than neighboring states, including Florida, Georgia and North Carolina.

Sound public policy

From the public policy standpoint, H. 4850 is a slam-dunk. The plan would:

1. Reduce insurance premiums for small businesses by using Medicaid to pay 60% of the premiums for workers whose incomes put them at or below 200% of the federal poverty level (approximately \$32,180 for a family of three and \$38,700 for a family of four).

2. Give the unemployed an incentive to seek employment as a way to obtain health care benefits. All too often, the unemployed find that by going to work, they lose health care benefits because they're no longer eligible for Medicaid and their employer either doesn't offer health care coverage or the premiums are unaffordable.

3. Reduce the use of expensive hospital

emergency rooms, often the source of primary care for those without insurance. As explained below, those of us who have private insurance pay much of the cost of this care through our own health care premiums.

4. Increase the number of low-income children in the state eligible to receive health care funded by Medicaid.

As pointed out in a recent editorial in *The Post and Courier*, the state's current income eligibility level for Medicaid is only 150% of the poverty level, compared to 200% in North Carolina and 235% in Georgia. H. 4850 would raise South Carolina's level to 200% using federal Medicaid funds leveraged against an estimated \$112 million raised by the cigarette tax increase.

I find it very discouraging that a number of Republican leaders, including the governor, currently oppose this legislation.

If there's one thing I'd expect Republicans around the state to support, it's small business, and I can guarantee you that when it comes to health insurance, small businesses are hurting and so are their employees.

I can also guarantee you that the health care affordability crisis hurts the state's efforts to promote economic growth and prosperity.

The failure of political leaders to address this issue head on is self-defeating in the most literal sense.

Not 'conservative'

It may seem "conservative" to oppose a cigarette tax increase, but it's not. The tax is really a user fee that accounts for smoking's burden of unfunded medical care and lost productivity. These costs are shifted onto both the state and the state's employers as funders of medical care.

By some estimates, the true cost to society from smoking is about \$7 per pack, when you take into account all the illness, death, disability and lost productivity due to the health impact of tobacco smoke.

Likewise, the reality is that all businesses in South Carolina, large and small, pay a

hidden tax to cover the cost of uninsured South Carolinians who show up in emergency rooms across the state.

These people do get treated, especially if they have serious or life threatening acute illnesses. The hospitals have to recover those costs or go out of business, so the costs are recovered in the charges for services delivered to paying customers.

Who are the paying customers?

You, me and everyone else covered by private insurance plans, as well as employers who provide group health coverage and state government as a funder of care for its employees and for programs such as Medicaid.

More analysis, less ideology

This legislation provides an excellent example of why we need South Carolina's political leaders to rely more on thoughtful analysis and less on ideology in making public policy decisions.

Looked at from the viewpoint of promoting economic growth and the financial health of the state's businesses, large and small, H. 4850 is a "no-brainer." The benefits are both obvious and substantial.

From the public health viewpoint, the same conclusion applies. Studies in other states show that higher cigarette taxes tend to lower the rate of smoking, and I guarantee you that's good for smokers as well as for the rest of us who subsidize the economic costs of smoking through our health care premiums and lost productivity.

And for those whose political focus is more on the state's disadvantaged, including children, H. 4850 is also a winner because no one wins when tens of thousands of low-income children, workers and their families around the state go without health insurance.

So wherever you stand on the political spectrum, this legislation makes good sense.

The governor and other Republican leaders should take heed, and Democrats should recognize that this is one piece of legislation that deserves enthusiastic bipartisan support. ■