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**PRESIDENT'S HEALTH INSURANCE PROPOSALS BENEFIT HEALTHY  
AND WEALTHY, UNDERMINE EMPLOYER-SPONSORED COVERAGE**

Washington, D.C. – President Bush was in Connecticut today promoting the costly proposal in his FY 2007 budget to expand the use of high-deductible health insurance premiums for taxpayers with health savings accounts (HSAs), but this plan would weaken employer-sponsored health insurance coverage and not help the uninsured, according to a report from the **Joint Economic Committee Democrats**.

“The President seems to believe that Americans have too much health care coverage, so his proposals would make consumers pay for all their care below a catastrophic, high-deductible limit,” said **Sen. Jack Reed (D-RI)**, Ranking Democrat on the Joint Economic Committee. “The President’s plan would spend billions on tax breaks for people who can already afford health insurance, while weakening employer-sponsored insurance and likely increasing the number of uninsured. More tax subsidies for HSAs will not lower health costs for average families, improve the quality of coverage, or contain rising health care costs throughout the economy.”

The Administration’s “consumer-driven” health care proposals would shift more health care costs to individuals, while creating additional tax incentives for high-deductible insurance and HSAs that ordinary families will have little chance to use. Most uninsured lack coverage because it is not affordable, but the Administration’s low-income refundable health coverage tax credit would not be generous enough for most low-income uninsured to afford coverage. The plan would remove the tax advantage for employer-sponsored health insurance, so businesses may choose to drop coverage entirely which would likely increase the number of uninsured.

The Administration’s proposal provides costly tax subsidies for those who can already afford to pay higher out-of-pocket costs – generally the healthy and the wealthy. The Treasury Department estimates that the cost of the Administration’s proposals would be approximately \$156 billion over 10 years. Because revenue losses grow overtime as funds accumulate in accounts, the costs beyond the 10-year budget window will be even higher.

**Report link:** <http://jec.senate.gov/democrats/Documents/Reports/hsas05apr2006.pdf>

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*

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