

REP. PETE STARK (CA)

SENIOR DEMOCRAT

REP. CAROLYN B. MALONEY (NY)

REP. MELVIN L. WATT (NC)

REP. BARON P. HILL (IN)

SEN. JACK REED (RI)

SEN. EDWARD M. KENNEDY (MA)

SEN. PAUL S. SARBANES (MD)

SEN. JEFF BINGAMAN (NM)

Congress of the United States
Joint Economic Committee
Democrats

108TH CONGRESS

804 HART SENATE OFFICE

BUILDING

WASHINGTON, DC 20510-6602

202-224-0372

FAX 202-224-5568

www.senate.gov/~jec/democrats

WENDELL PRIMUS

STAFF DIRECTOR

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Contact: Nan Gibson

202-320-4545

Lindsey Capps

202-225-5065

**BUSH'S HEALTH TAX CREDIT FAILS TO EXPAND
HEALTH INSURANCE OR MAKE IT MORE AFFORDABLE**

Administration's Spending Offset Requirement Makes the Seriousness of the Proposal Questionable

Washington, D.C. – A new report from the **Joint Economic Committee (JEC) Democrats** finds that the proposal in President Bush's FY 2005 budget to create a tax credit to help the uninsured purchase health insurance fails to expand health coverage or make it more affordable. In fact, some analysis shows that it could actually erode good coverage that exists today. Moreover, the fact that the cost of the refundable tax credit must be offset by unspecified spending cuts calls into question the seriousness of the Administration's proposal. (*Full text of the report is available at* <http://jec.senate.gov/democrats/Documents/Reports/hcrc5feb2004.pdf>.)

“President Bush's answer to the shameful public policy failure of nearly 44 million Americans lacking health insurance coverage is no surprise—more tax cuts,” said **Rep. Pete Stark (D-CA)**, Senior Democrat on the JEC. “The President's proposal is simply not to be taken seriously. The tax credit is far too meager to make a difference for the very people to whom it is allegedly targeted – low-income Americans. Adding insult to injury, the President's budget stipulates that his Administration will work with Congress to identify spending offsets to pay for the tax credit – a limitation not applied to his \$1 trillion in tax cuts for the wealthy.”

The report, *Administration's Health Insurance Tax Credit Proposal Fails to Provide a Real Solution to the Uninsured*, finds that the tax credit proposed by the Administration is fatally flawed. The amount of the credit will not put coverage within reach for low-income families, and it encourages enrollment in a market that is notoriously difficult to access and which offers coverage that is both inadequate and expensive. A tax credit is feasible only if quality health insurance policies are available and the credit is refundable, it is payable at the time people purchase insurance, it is targeted to those in need of assistance, and it is large enough to make health insurance affordable. The President's plan fails to meet these requirements. His health tax credit would cover less than one-quarter to one-third of the cost of health insurance policies for most uninsured families and would do nothing to address the lack of access in the loosely regulated non-group market.

People lack health insurance because coverage is unaffordable and often unavailable: One-third of the people without insurance have household income under \$25,000; two-thirds have income under \$50,000; and most uninsured Americans work. About three-fourths of the uninsured between the ages of 18 and 65 are working full- or part-time, but don't have access to or cannot afford coverage through their employer. The Administration's tax credit proposal fails to make health insurance more affordable or accessible for these uncovered families.

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.