from Phyllis Schlafly

May 20, 1993

BIG BUSINESS WANTS A BAIL-OUT FROM CLINTON

Chrysler is asking for higher taxes on all Americans in order to bail itself out of a jam. Walter Maher, Chrysler's chief lobbyist says, "Some sort of payroll tax as a way of financing health care for workers is appropriate."

Chrysler isn't the only big corporation cuddling up to Clinton's extravagant health care plan that calls for higher taxes. It's also the other big auto makers and Fortune 500 companies that have promised expensive health benefits to their employees and their retirees, and now are squirming under Financial Accounting Standard No. 106. This new rule requires companies to recognize all future health care liabilities on their current financial statements.

These big companies think it isn't fair that they pay such high costs for health care. So they want to dump their health-care burden onto the backs of the taxpayers. They are supporting a Clinton-style "reform" that would force all employers to insure workers and perhaps create a single-payer system.

Rep. Pete Stark (D-CA}, a chief spokesman for the liberals on health care, makes no secret about the politics of it all. "The likely winners (of health care reform]," he says, "are Chrysler, Ford, General Motors, the telephone companies, the big bargain plans."

Consider two similar businesses in competition in Anytown, USA. Mr. Goodguy of the ABC Company gives health insurance to his employees, while Mr. Badguy of the XYZ Company does not because his is a new company and can't afford it.

When XYZ employees get sick and go to Anytown's General Hospital, they get much of their care free since they don't have insurance. General Hospital, in turn, charges the ABC Company more to cover the

cost of care for the XYZ employees. That's called cost-shifting.

As Mr. Goodguy sees it, it's just not fair, and he thinks the Clinton Administration "is just what the doctor ordered" to relieve him of his financial burden. Mr. Badguy, however, doesn't like this medicine because the Clinton plan will drive him out of business with unaffordable health care costs.

The U.S. Chamber of Commerce has among its members both companies that offer health insurance benefits and those that don't. The Chamber thinks it has come up with the solution to satisfy both types of employers and, at the same time, play ball with the Clinton Administration.

In its April 1993 newsletter to its members, the Chamber said "it would accept a requirement for coverage of employees and their dependents but only if government subsidies were available to employers and employees unable to pay the full cost of premiums."

The Chamber is not facing up to two fundamental questions: How much will the government subsidies cost and who will pay for them? If, as the Chamber advocates, "all individuals should be required to have health insurance," where will the money come from?

Obviously, it will come from taxes on businesses and individuals who are making money. So today's cost-shifting will just become cost shifting on a grander scale in which the money is taken from profitable businesses, cycled through Washington, D.C., and then distributed to struggling businesses as the bureaucrats see fit.

Fortunately for the taxpayers, not all businessmen are falling for the tricks of the Clinton Magic Show. The National Federation of Independent Business opposes government interference such as mandatory employer-based health insurance. The vice president of the National Restaurant Association had the courage to tell Vice President Al Gore

that "the concept of mandates is un-American."

Business needs to learn the lessons of Medicare and Medicaid. Thirty years ago, business thought that Medicare and Medicaid would solve the problem of the uninsured elderly and poor, and also eliminate what was then a very minor cost-shifting problem.

However, Medicare/Medicaid not only increased the direct costs to business via higher taxes, but tremendously aggravated the cost shifting burden. Today, it's a $1,000 per day hospital bill being shifted, compared to the $100 per day pre-Medicare/Medicaid hospital bill.

Not only has the overall cost of health care paid by everyone greatly increased, but the proportion borne by business has also increased. In 1965, households paid 61% of national health care expenses, government 21%, and business 17%. By 1989, households were paying 37%, government 31%, and business 30%.

The solution to Mr. Goodguy's cost-shifting problem and his "unfair" competition from Mr. Badguy is certainly not to pass a law requiring Mr. Badguy to provide health insurance, and then taxing Mr. Goodguy to subsidize Mr. Badguy. The solution is to break the link that ties an employee's insurance to his job with his present employer.

This can be done by allowing individuals to buy health care insurance with pre-tax dollars just like employers do, and by allowing individuals to have their own medical savings accounts (medical IRAs) that are portable and travel with the employee if he leaves his job.