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## Health care tax credit pushed for small firms

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Two Arizona business groups are pushing a new \$20 million state tax credit and voucher program for small businesses to help them provide health insurance to uninsured workers.

The National Federation of Independent Business and the Tucson Metropolitan Chamber of Commerce are leading the effort in favor of a new health care tax credit, which would help uninsured small-business employees.

"That's something at the top of the boilerplate right now on the stove," said John Dougherty, government relations director for the Tucson chamber.

The plan would be tailored toward small businesses that cannot afford to offer health care benefits to their workers. The tax credits, or vouchers, would work out to approximately \$1,000 annually per employee and \$3,000 annually for an employee with a family.

NFIB State Director Michelle Bolton said employers with between two and 50 workers would be eligible and could receive the tax credits for five years but not permanently.

"It's a way to introduce them into the health care market," said Bolton.

The tax credit would be available only to small businesses that do not offer benefits.

NFIB and the Tucson chamber are talking to other business groups and the health care industry as well as state lawmakers and the governor's office about the proposal. Bolton said she is working closely with business lobbyist Don Hughes on the issue. Hughes represents Blue Cross Blue Shield of Arizona and a number of insurance companies.

The \$20 million annual price tag of the program is high, but could be helped by expectations the state will face a budget surplus next year. Bolton said that no other states offer this type of tax credit, although there have been some federal proposals.

NFIB, which has more than 10,000 members in Arizona, also wants state lawmakers to look at flexible spending accounts that allow employers and their workers to have more control over the costs and specifics of their benefits programs.

The problem of the uninsured working poor is a mounting one in the state and nation. One in five Arizonans, or more than 1 million residents, are on the state version of Medicaid.

About half of those are the working poor who have jobs with retailers and restaurant chains such as Wal-Mart, McDonald's and Circle K and others with small businesses, according to numbers released this summer by the state Department of Economic Security.

There are about 45 million Americans under the age of 65 without health insurance, according to the Kaiser Family Foundation. That number accounts for 15 percent of the U.S. population. More than 80 percent of the uninsured come from families with a full-time or part-time worker as head of household, according to Kaiser.

Gov. Janet Napolitano's staff has been meeting with business lobbyists, top executives and health care industry officials on the issue. Details of what the governor may do on the health care front next year have not been disclosed. Napolitano Communications Director Jeanine L'Ecuyer said the governor's office still is developing its health care agenda for next year and is studying the tax credit plan. She said the governor's health care efforts will focus on the uninsured working poor.

"It's very definitely a high priority for the governor," said L'Ecuyer.

Possible solutions to the problem could be expansion of existing state health programs for the working poor, the tax credit plan and finding ways to cut into rising costs. There also are expected to be renewed attempts to require employers to reimburse the state government for public health care costs incurred by their uninsured employees.

For the state's business lobbyists and health care industry groups, a key cost component is lawsuits brought against doctors and hospitals that drive up medical malpractice insurance premiums.

Tom Dorn, lobbyist for the East Valley Chambers of Commerce Alliance, said he wants health care solutions to be based in the private sector, but wants the state government to help reduce costs via tort reform.

Business, doctors and health care groups favor a change to the Arizona Constitution that would open the door to non-economic damage caps. That would require a statewide referendum which would face strong opposition from trial lawyers and consumer groups.