

Howard Jarvis Taxpayers Association

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A Tax By Any Other Name

By Jon Coupal

Senate leader Don Perata has a plan to provide all uninsured working Californians with health insurance at an estimated cost of \$5 Billion to \$7 Billion without a tax increase. Okay.

The Perata plan would force businesses that do not provide health insurance and their employees, through a payroll deduction, to pay into a state agency that would attempt to negotiate for “affordable” coverage. When paying taxes, workers would have to show proof of medical insurance.

This is just plain *wrong* on so many levels — let me count the ways.

A plan that is estimated to cost \$5 Billion to \$7 Billion will, if past government program estimates are any guide, cost a lot more than first advertised. One only has to look at the Bush prescription benefit plan as a reminder (\$8 Trillion of Medicare’s \$32.4 Trillion unfunded liability is attributable to the new drug benefit; and yes, that’s trillion with a “T”). In any event, initial estimates are based more on political palatability than any other consideration.

Apparently, our state’s second most powerful elected official believes there is such a thing as a “free lunch.” He should know that a plan that compels businesses to lay out more for labor than its market value is a *tax* on those businesses. It will cost businesses and, as the increased costs are passed on, it will also cost *consumers* — they will be taxed, too.

Employees, many working at low wage jobs, will see a reduction in their paychecks. Just like the other taxes they pay, this health insurance charge will translate into less take-home pay.

As the cost of employment goes up, workers are likely to face a second problem, fewer jobs. What is worse than no health insurance? No health insurance *and* no job.

And proof of insurance to pay taxes? Many workers would probably welcome the opportunity to forego insurance if, in return, they did not have to pay taxes. But seriously, this would force one more nuisance on a public already overwhelmed with nuisance mandates from government.

And a state run program, even if it relies on private health providers, is a recipe for disaster. Anyone who has had dealings with an unaccountable bureaucracy like DMV or the Post Office knows what a headache even a minor problem can become.

Perata justifies his plan as cost-effective because, he says, taxpayers already pay the health care costs for the uninsured when they end up in our emergency rooms.

But the senator ignores the elephant in the room. The additional burden that is breaking the back of our emergency health care system is *illegal immigrants*.

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Our neighbors to the south are “outsourcing” their health care demands. As long as the federal government takes a lackadaisical approach to border enforcement, this problem will continue.

Solving a health care problem, a major component of which is caused by those who are in the country *illegally*, should *not* be the financial obligation of small businesses, their work force, or of California taxpayers.

This is a *federal* responsibility, and now that California representatives have new positions of power in Washington, D.C., Perata would be well advised to press fellow Bay Area Democrat and soon-to-be Speaker of the House, Nancy Pelosi, to see that the federal government makes good on its obligations.

However, the issue of state mandated and supervised health care is part of an even larger problem. That problem is powerful politicians who are committed to a government that is all things to all people, and who believe this can be accomplished without cost.

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