

February 10, 1999

Honorable William V. Roth Jr.
United States Senate
Washington, DC 20510

Dear Senator Roth:

On behalf of the over 11 5,000 physician-members of the American College of Physicians-American Society of Internal Medicine (ACP-ASIM), representing the nation's largest medical specialty, I urge you to include a tax credit to enable America's working poor without health insurance to purchase coverage in any tax legislation that may be advanced in this session of Congress.

While our nation has enjoyed the longest sustained period of economic expansion in history, the number of Americans without health insurance coverage has increased by more than 15 percent in the past five years. ACP-ASIM has presented to Congress and the President today a set of initiatives that would extend health insurance coverage to the most vulnerable group of the uninsured Americans: those with incomes up to 150 percent of poverty. Achieving this goal would provide coverage to 10.5 million Americans not currently insured, almost a quarter of those without health insurance. Our complete set of recommendations has been forwarded to you under separate cover.

I want to call your attention to one of the College's proposals in particular, as it falls within the jurisdiction of the Finance Committee: a refundable federal tax credit to assist uninsured Americans with incomes between 100 and 150 percent of poverty in buying coverage. Eligibility for the program would be initially established by the states based on adjusted gross income. By administering the program with an advanced payment option, enrollees would be able to receive monthly payments to offset premium costs, rather than having to wait until their taxes are filed to obtain credits. The tax credit would target low-to-moderate income working Americans who now have the greatest difficulty affording coverage.

Implementing this tax credit would extend health insurance coverage to 2.8 million people not previously insured. Its cost to the federal government would be \$57 billion over fiscal years 2000-2004, \$6.8 billion of which would be offset by savings in federal disproportionate share payments. The \$50.2 billion in remaining costs would represent an expenditure equivalent to just 5.4 percent of the federal budget surplus that is projected for this five year period.

We also urge you to support the other initiatives in our plan including expansion of Medicaid coverage to all individuals with incomes up to 100 percent of poverty; increased funding for Medicaid outreach; and subsidies to help the temporarily unemployed and uninsured obtain COBRA coverage. We look forward to working with you to enact a targeted tax credit and other measures to make health insurance coverage available to low and moderate income Americans.

Sincerely,

Harold C. Sox, MD
President