

The Council for Affordable Health Insurance



May 24, 2005

The Honorable Sam Johnson
U.S. House of Representatives
1211 Longworth House Office Building
Washington, D.C. 20515

Dear Rep. Johnson:

On behalf of the Council for Affordable Health Insurance (CAHI) we are writing to express our support for H.R. 1872, the Health Coverage for the Uninsured Act of 2005. CAHI was organized in 1992 as a research and advocacy organization devoted to positive, market-based health care reforms that preserve freedom of choice for individuals and encourage a competitive health insurance market.

The bill provides targeted assistance to individuals who do not receive health care through their employer or through other government programs. The legislation accomplishes this in three ways: premium deductibility, tax credits for small businesses that contribute to their employees Health Savings Account (HSA) and tax credits for low-income individuals.

Premium deductibility: Individuals who purchase a high-deductible health plan (HDHP) and contribute to an HSA would be allowed a deduction for the amount of the premium.

Small business tax credit: The legislation encourages small business (up to 100 employees) to offer HDHPs by providing a tax credit for employers who make contributions to employee HSAs. An employer would receive a tax credit up to \$200 per year (individual) and \$500 per year (family).

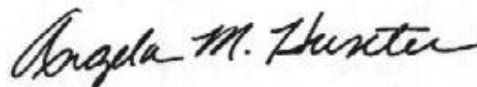
Health tax credit: The bill provides a tax credit of \$1,000 per individual earning up to \$15,000 per year, decreasing as the salary increases to \$20,000. Single parents could receive a maximum credit of \$2,000 (\$1,000 per adult, \$500 per child) for those earning up to \$25,000, decreasing as the salary increases to \$30,000. Family maximum credit is \$3,000 for those earning less than \$25,000, decreasing as the salary increases to \$45,000. The tax credits would be prorated, advanceable, refundable and assignable.

The Health Coverage for the Uninsured Act is a step in the right direction for tax equity for those who are privately purchasing health insurance. We believe that all who are privately purchasing coverage should be treated equally in regard to the tax treatment of health insurance. We recognize that this legislation seeks to target assistance to the segment of citizens who are most likely to be uninsured: low-income workers and those who are not offered health insurance through their employment. This legislation is a common sense approach to the vexing problem of the uninsured. We salute you for your legislative initiative and pledge to work for its passage.

Sincerely,



Merrill Matthews
Director



Angela M. Hunter
Director of Federal Affairs