

Health Care For All

PRESS RELEASE

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HEALTH CARE FOR ALL CRITICIZES SECRETARY KRISS' COMMENTS ON "GIVERS" AND "TAKERS"

Health Care For All, Massachusetts' leading consumer health advocacy organization, is outraged by comments made by Administration and Finance Secretary Eric Kriss dividing Massachusetts citizens into "givers" and "takers", and specifically citing Massachusetts Medicaid as a program for "takers". Health Care For All (HCFA) requests that Governor Mitt Romney disassociate himself from these remarks.

"These remarks are unbecoming of a senior state policy maker," said HCFA Executive Director John E. McDonough. "They indicate a remarkable degree of ignorance about Massachusetts Medicaid and a callous attitude toward vulnerable citizens in need of health care services."

At the same time, Health Care For All applauds Senator Richard Moore (D-Uxbridge), Co-chair of the Joint Committee on Health Care, for immediately responding to Secretary Kriss' comments.

"Chairman Moore has been a champion for decent and affordable health care for all citizens of the Commonwealth, and we appreciate his courageous leadership," said McDonough.

Governor Romney should disassociate himself from Secretary Kriss' remarks.

"Secretary Kriss describes his 'givers' and 'takers' dichotomy as a 'completely new way of seeing government,'" notes McDonough. "A critical question for all the Commonwealth's citizens now is whether the Secretary was speaking as an individual or on behalf of the Administration in which he serves as one of its most important officers." McDonough continues, "the past 18 months has seen the most concentrated assault on public services for the needy and vulnerable in the Commonwealth's history. In no fiscal crisis in the past 30 years have we witnessed such a dismantling of core and essential services."

"The Administration's prior rationale for these cuts has been, in the words of Secretary Kriss, 'the greatest fiscal crisis since the Great Depression.' His recent comments suggest a different and more insidious motivation for the Administration's assault on vital health and human services. And as the Commonwealth's chief fiscal officer, Secretary Kriss' disturbing remarks cannot be casually dismissed," said McDonough. "Governor Romney owes the citizens of the Commonwealth a clear answer whether his Secretary's comments reflect his own views or not."

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A few facts on Massachusetts' Medicaid (MassHealth)

Health Care For All thanks Administration and Finance Secretary Eric Kriss for providing a unique “teaching moment” for him and for the citizens of the Commonwealth to learn important facts about the Commonwealth and national health care systems. Said McDonough, “Secretary Kriss’ comments prove that high-ranking executive branch officials operate with fundamental misunderstandings about Massachusetts Medicaid and the US health system.”

Teaching moment #1: Secretary Kriss states that more than one million residents receive free health care covered by the Commonwealth.

In fact, as of late August, the Commonwealth’s Medicaid program covered 913,000 individuals. This is a drop of more than 107,000 from 1,020,000 covered in 2002 principally because of Romney Administration cuts to the program, more of which are now being implemented – including the first enrollment caps in the 37 year history of this program for otherwise eligible individuals.

Among the 913,000 “takers” are:

- 404,000 children – 44% of the caseload
- 31,000 seniors and severely disabled in nursing homes
- 84,000 other very low income senior citizens living in the community
- 17,000 low-income Family Assistance enrollees now paying premiums of \$36-\$54 per month
- Approximately 200,000 disabled persons including the mentally retarded, seriously and chronically mentally ill individuals, and persons with major physical disability since birth or childhood.

“It is disrespectful that Secretary Kriss would label any one of these individuals a ‘taker’,” said McDonough.

Teaching moment #2: Secretary Kriss ignores contributions made by so-called “takers” and the programs that serve them.

By categorizing citizens as “givers” and “takers” at one point in time, Secretary Kriss ignores the lifelong “giving” by elderly citizens now reliant on MassHealth for their essential medical services.

By labeling children as “takers” he discounts the expected value of the contributions they will make as productive adults – helped significantly by investments in Medicaid services which lead to healthy growth into adulthood.

By calling disabled persons “takers”, he ignores the contributions made by many before the onset their disability, and he ignores the efforts of disabled CommonHealth clients who enrolled in this program so they can work and make productive contributions to society.

By identifying MassHealth clients as “takers”, Secretary Kriss implies that enrollees monetarily benefit from the Medicaid program. In reality, not one penny of Medicaid money goes into the pocket of any

Health Care For All

beneficiary. Medicaid pays medical providers, managed care plans, and administrative expenses, and not the beneficiaries themselves.

By suggesting Medicaid is a program for “takers”, Secretary Kriss demonstrates misunderstanding of the critical value of this program to the Massachusetts economy. For every dollar the Commonwealth spends on Medicaid, the federal government pays the state more than 50 cents. A 2001 econometric study by the University of Baltimore showed that every one dollar of state Medicaid spending produced \$2.21 in increased business activity. Thus, \$3.4 billion in state Medicaid spending in 2001 resulted in \$7.6 billion in goods and services to the Massachusetts economy and 70,697 jobs.

Teaching Moment #3: Secretary Kriss assumes a simplistic dichotomy between “takers” and “givers”.

Secretary Kriss’ comments distort the true picture of how health care is financed in Massachusetts and the nation. In fact, Secretary Kriss’ “givers” receive massive federal and state subsidies for their health care. Federal and state tax codes allow employer-sponsored health benefits to flow tax free to all workers, and permit taxpayers to deduct high medical expenses from their income. These provisions disproportionately benefit wealthy families far more than middle and lower income families.

The real cost of a family health insurance policy for a wealthy family is reduced by as much as 40 percent because of federal and state tax provisions, while the price of the same policy for a middle income family is reduced by about 20 percent. Meanwhile, an uninsured family (more than 75% of uninsured families have at least one full or part time worker) receives no benefit at all, and in fact pays higher taxes to subsidize the higher tax benefit for wealthy families.

The federal subsidy saved approximately \$3.11 billion for Massachusetts residents last year, heavily tilted toward those with higher incomes. The Massachusetts Department of Revenue reported that these deductions and exemptions cost \$790 million for the state treasury last year. All these subsidies go to so-called “givers” who use the benefits to lower their cost of health care.

A similar subsidy framework benefits so-called “givers” with regard to housing. A family with a house worth \$1.5 million and a mortgage for 80 percent of the purchase price receives many more times the value in federal and state tax benefits than does a middle-income family paying a mortgage for 80% of the cost of a \$250,000 home. Renters receive no such benefit for their housing costs except for a small state tax deduction.