

## **POLITICAL CONSIDERATIONS**

- **IT IS EASIER TO PIN THE TAX LABEL ON THE WAGE BASED PREMIUM, BUT IT WOULD BE FOOLISH TO BELIEVE THAT IT IS GOING TO MAKE A MAJOR DIFFERENCE IN THE DEBATE.**
  - **EVEN UNDER PER PERSON PREMIUM, OPPONENTS OF REFORM WILL CLAIM IT IS A NEW TAX.**
  - **THE HEALTH ALLIANCES, WHICH ARE CREATIONS OF THE STATE, WILL REQUIRE EVERY EMPLOYER AND EMPLOYEE TO PAY A DESIGNATED PREMIUM. THIS MANDATED PREMIUM WILL BE CHARACTERIZED AS A NEW TAX AND THE SKEPTICAL MEDIA IS LIKELY TO BITE.**
- **UNDER A PER PERSON APPROACH, A LARGE POOL OF MONEY WILL HAVE TO BE EXPLICITLY AND SPECIFICALLY ALLOCATED TO THE POLITICALLY UNATTRACTIVE POPULATION OF LOW INCOME AMERICANS.**
- **OPTING FOR THE PER PERSON PREMIUM APPROACH IGNORES THE PAINFUL POLITICAL LESSONS OF THE PAST. DEMOCRATS ALWAYS LOSE WHEN THE MIDDLE CLASS PERCEIVE THEY GET A WORSE DEAL THAN THE POOR. AN EQUAL PERCENTAGE CONTRIBUTION -- AS HAS BEEN THE CASE WITH MEDICARE -- IS MUCH MORE LIKELY TO AVOID THIS PROBLEM THAN IS A PER PERSON PREMIUM WITH SPECIFIC AND VISIBLE SET-ASIDE SUBSIDIES FOR THE POOR.**

- THE HEALTH CARE PROVIDER/MANUFACTURER TAXES THAT ARE NECESSARY UNDER THE PER PERSON PREMIUM OPTION TO UNDERWRITE SUBSIDIES WILL REDUCE THE LIKELIHOOD OF GAINING SUPPORT FROM THESE INFLUENTIAL GROUPS FOR THE PLAN.
- SINCE IT WILL BE HARD FOR THE PUBLIC TO DECIPHER THE ARGUMENTS ABOUT ANY REFORM PLAN, THERE IS MUCH TO BE GAINED BY WINNING OVER OPINION LEADERS WHO WILL SERVE AS JUDGES OF THE PLAN. MOST QUOTABLE EXPERTS, AS WELL AS MOST INFORMED EDITORIAL WRITERS, ARE MORE LIKELY TO CHOOSE WAGE BASED PREMIUM AS THE "RIGHT" THING TO DO. THIS COULD MAKE THE DIFFERENCE BETWEEN WINNING AND LOSING THE PUBLIC.
- MOST BUSINESS GROUPS WILL BE SPLIT UNDER EITHER APPROACH BECAUSE BOTH RESULT IN WINNERS AND LOSERS IN THEIR MEMBERSHIP. AS A RESULT, THE POLITICAL CHOICE SHOULD BE SENSITIVE TO HEALTH REFORM'S CORE CONSTITUENCIES OF LABOR, CONSUMER GROUPS AND SINGLE-PAYER ADVOCATES -- WHO FAVOR THE WAGE-BASED APPROACH.
- BUSINESSES AND STATES WILL NOT TRUST THAT THE SUBSIDIES UNDER THE PER PERSON PREMIUM WILL BE FAIRLY AND PERMANENTLY ALLOCATED TO HELP PAY FOR LOW WAGE PEOPLE. IN CONTRAST, A WAGE BASED APPROACH GUARANTEES A MORE RELIABLE FINANCING SOURCE. THE STATES, IN PARTICULAR, MAY WELL BECOME INCREASINGLY NERVOUS -- AS THEY RECALL PAST EXPERIENCES WITH RELYING ON THE FEDERAL GOVERNMENT -- WITH THE PER PERSON PREMIUM.