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States Look to Health Provider Taxes to Fund Growing Health Care Costs

R. James Gregg

A U.S. Department of Commerce study recently reported that health care costs in the United States reached an astounding 14 percent of our nation's gross national product (GNP) in 1991, or more than 800 billion dollars. That means that 14 cents out of every dollar earned in this country last year went for health care products and services, and that health care spending is growing at an unbelievably rapid rate. The same report indicated that this unchecked growth is likely to continue for the foreseeable future.

Our nation's current health care spending crisis has prompted a host of reform proposals that offer to revamp how we deliver and fund health care. These plans range in size and scope from modest tinkering with the current system to dramatic, even revolutionary, changes in health care funding and administration.

While Congress and the Bush administration look to reform in the future, states and governors are obliged to face this crisis today. States have a limited capacity to borrow and do not have highway, Medicare, or social security trust funds they can dip into to make up shortfalls in their annual budgets. Most states are confronted with the ugly reality of having to raise taxes immediately or face drastic cuts in state-funded services. Governors who have taken the major tax increase route, such as Florio in New Jersey and Weicker in Connecticut, have faced a storm of criticism, unprecedented declines in public support and in their prospects for political survival.

Two dozen states are in the same fiscal boat as New Jersey and Connecticut, and some resolution of those budget dilemmas must soon be forthcoming. Political systems under pressure this intense either find a way out or disintegrate, taking incumbents with them. The search is on for a means to meet the needs of the state budget, but at the same time secure the future of those currently in power. In some states, political leaders think they may have found the magic solution: tax the gross receipts of health care providers.

If health care costs are a major cause of states' financial insecurity, it is perhaps natural to seek to somehow blame or vilify those who deliver health care services. Indeed, the medical and hospital systems are being battered in the press and on television as greedy, insensitive, and self-serving. A recent television commercial produced by the American Association of Retired Persons (AARP) depicts a family looking in disbelief at a hospital bill that charged them $8 for a single aspirin. Likewise, chiropractors around the nation are being identified as the cause of rapid growth in workers' compensation costs, the implication again being that something is terribly wrong with the way we do business.

This kind of thinking has set the stage for proposals that have already surfaced in Virginia and Kentucky. Recently, the governor of Virginia, former presidential candidate, Douglas Wilder, held a press conference in which he viciously attacked health care providers and called on the state legislature to enact a tax on hospitals, nursing homes, and doctors to offset the state's growing Medicaid costs. What's more, the governor will ask the legislature to make it a crime to pass on the added burden of this proposed tax to patients through higher fees. The Virginia proposal would tax hospitals at a rate of eight percent of their annual gross revenues, nursing homes at a rate of one percent, and physicians a flat $200 annually.

What better way to appease a concerned public, raise revenue, and shift blame for a state's fiscal mess than a tax on the health care industry? Aren't they the ones making millions on rising health care costs?

As absurd as this approach may seem, it appears to be catching on. According to an analyst with the National Conference of State Legislatures, this is one new tax measure likely to be picked up in every state capital in the nation. What should the response of the chiropractic community be to this kind of proposal? Regrettably, as much as I personally feel our nation's medical community is indeed to blame for our current financial crisis in health care, this kind of proposal hurts us all and should be soundly rejected.

Our state and federal governments must start to think beyond the next budget year. Granted, there are serious revenue shortfalls, but a provider tax represents an addition to the problem, not a solution, even a short-term one. Unless our nation's policymakers change their thinking about health care and begin to implement public policies that emphasize patient responsibility, health education, prevention, health maintenance, early detection, and the merits of the highly efficient, cost-effective alternative that chiropractic offers, all of these so-called reform plans will bring us nothing but bigger, more expensive failures.

All DCs around the nation must be on their guard for the emergence of provider tax proposals to help fund state treasuries and be prepared to meet the challenge with sound data and a carefully devised plan. Every state chiropractic community should also be prepared to better educate state legislators on the valuable, efficient, and highly cost-effective alternative chiropractic offers to consumers.

It is imperative that every doctor of chiropractic and every chiropractic organization in the nation recognize their individual responsibility to educate legislators and other health policymakers on the irrefutable merits of chiropractic. The current crisis represents an unprecedented challenge to the future of chiropractic, because in the minds of the public and most public officials, chiropractic and medicine appear to be part of the same system. As mistaken as such assumptions may be, without a basis to accurately differentiate chiropractic from medicine, it is indeed logical to ascribe similar attributes and equal responsibility for the current crisis to both professions. The current crisis also represents a unique opportunity.

Chiropractic is a science for our times. Never before has the public been so eager to find a sound alternative to our present medically-dominated, failing system. Policymakers must be educated about:

- The unique, non-duplicative nature of chiropractic science and practice.

- The compelling scientific record supporting the effectiveness and appropriateness of chiropractic care for a wide range of conditions.

- The highly cost-effective nature of non-surgical, non-drug-based chiropractic care.

- The strong public support chiropractic has enjoyed throughout its nearly 100 year history.

- Chiropractic's focus on prevention health maintenance, and wellness.

The ICA has no higher priority than educating our nation's decision makers on the merits of our science and on the urgent need to fully incorporate its cost-effective advantages into the system of health care delivery. Our future depends on a complete and accurate understanding of what we do and why. Full chiropractic inclusion in every publicly-funded or mandated health care program is our objective. In this there can be no compromise. A tax on health care providers is not the answer to our nation's problems: chiropractic is.

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