



March 6, 2007

To Members of the Real Estate & Insurance Committee,

I am Dr. Robert McLean, a primary care internist in New Haven, and I represent over 2100 members of the Connecticut Chapter of the American College of Physicians. I applaud your efforts to look at ways to increase access to health care in our state, but I have grave concerns over elements of **H.B.6652 An Act Establishing the Connecticut Healthy Steps Program.** Establishing a selective 3% tax on revenues for health care providers is just an easy way to raise funds from individuals in the state with seemingly greater incomes. However, there is great disparity among incomes of doctors in this state as well as the nation, and such a policy would do great harm to the primary care providers in the state who generally fall at the bottom end of the income ladder.

Physician practices are small businesses, in reality, with many components to overhead expenses. Primary care physicians typically have overhead of at least 50% and frequently over 60% (the latter category including myself). A 3% tax on revenues for these physicians would amount to an extra 6% tax on take-home income. That more than doubles our current 5% state income tax! I do not think proposing it in those terms would make it so politically palatable.

Announcing that primary care physicians in our state will now pay a state income tax more than twice that of average citizens will clearly discourage new primary care physicians from entering our state to practice and will encourage early retirement from those now in practice. Finding a primary care physician will become even more difficult. And you think you have an access problem now. Universal health care may well require higher taxes, but that tax burden should be spread fairly across the entire population.

Our Medicaid program is woefully under-funded— most doctors cannot even cover their employee salaries and other office expenses with current Medicaid reimbursements. Bringing Medicaid reimbursements up to Medicare levels is a laudable goal, but you must realize that current Medicare fees are essentially the same as they were in 2000, yet all those overhead expenses have clearly increased with time. Keeping Medicaid rates below Medicare rates, as proposed in this bill, does not do enough to truly increase access to health care for our citizens with Medicaid. When doctors are able to see Medicaid patients without losing money, then access will significantly increase.

Ensuring that premiums are truly affordable will require significant regulation of our profit-hungry insurance companies. Unfortunately, I do not find much in H.B.6652 which addresses that crucial component of comprehensive health care reform.

The challenges you legislators face in fixing our dysfunctional health care system are daunting, but the time is right and way overdue. Some components of H.B.6652 are well-intentioned, but this bill with 41 sections is overly complex and would lead to disastrous consequences. It is not the answer.