

Newsday 12/19

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TOYS AND GAMES?

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Mixed reviews for revamped health care financing system

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ALBANY, N.Y. (AP) - Business interests are attacking a plan by Gov. George Pataki and state legislative leaders to dramatically increase New York's cigarette tax to help fund health insurance programs for the poor.

While not quibbling with the plan's goal of making up to 1 million more New Yorkers eligible for low-cost health coverage, critics questioned the ramifications of almost doubling the state's excise tax on tobacco, from 56 cents on a pack of cigarettes to \$1.11.

The state's most powerful business lobby, the Business Council, called the plan a "mixed blessing."

"We have consistently opposed taxes on any commodity, whether it is energy or tobacco products," Business Council President Daniel Walsh said. "We are concerned about the impact of the cigarette tax on retailers and the pressures it will impose on border businesses."

Indeed, smokers within reach of the state's borders would find bargains everywhere on cigarettes if New York increases its tax to \$1.11 a pack, which would be the highest in the nation. Massachusetts charges 76 cents a pack in cigarette taxes, Connecticut 50 cents, Vermont 44 cents and Pennsylvania 31 cents.

The tax hike would also make the tax-free cigarettes sold by Native American vendors at Indian "smoke shops" in New York that much more attractive. Smokers could find cigarettes at \$13.50 a carton less at Indian shops if the per-pack state tax goes to \$1.11.

"You hear that sound? That's the sound of Ray Halbritter cheering," lobbyist Lester Shulklapper said Friday at the state Capitol after Pataki and legislative leaders announced their health plan. Halbritter is the Oneida Indian leader who has developed a thriving tobacco- and gasoline-sales business to non-Indians along with the

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tribe's casino near Syracuse.

Increasing the cigarette tax also raises the attractiveness of smuggling non-taxed cigarettes into the state, critics said. Authorities generally believe that sales advantages of as little as \$3.50 per carton make it worth the effort of would-be smugglers to try to circumvent state taxes.

The leader of the Republican minority in the state Assembly, in something of a break with the Republican governor, called for hearings on the Pataki plan to consider things like the potential for more smuggling and tax-free Internet tobacco sales.

"Taken together, the impact could be an unanticipated revenue shortfall that would need to be made up by the taxpayers," Assemblyman John Faso of Columbia County said.

Faso, like Walsh, said the best means of boosting health care coverage should be through employer-subsidized insurance plans. The legislator said he was worried that some aspects of the Pataki plan, such as offering companies with less than 50 employees a state-backed health insurance program, could prompt companies to dump their private plans in favor of taxpayer-subsidized coverage.

Meanwhile, Pataki and legislative leaders were also hearing it from the groups who would seem to be thrilled by the proposal.

The American Cancer Society, while predicting that the "sticker shock" effect of a 55-cent-a-pack tax increase would discourage tens of thousands of smokers, said the plan does not provide enough money for a smoking prevention campaign. Pataki said there would be about \$50 million in the budget for such a program in the first year. Critics point out that guidelines set by the Centers for Disease Control say the state should spend about \$90 million a year on an anti-smoking campaign.

A coalition of patient advocates, the New York State Health Care Campaign, praised the aim of getting more uninsured New Yorkers coverage, but said the proposal falls far short of the "best-in-the-nation" claims that Pataki and the legislative leaders made for their plan Friday.

One aspect of the plan, dubbed Family Health Plus, would

provide state-subsidized care for working New Yorkers who make up to 150 percent of the poverty level. Richard Kirsch, head of Citizen Action of New York and a member of Health Care Campaign, said Minnesota, Rhode Island and Washington state all have far more generous subsidized coverage programs.

State Assembly Speaker Sheldon Silver and Senate Majority Leader Joseph Bruno said that the 2 million or so adults that would still not be covered after their plan is fully implemented are either high-income or young working New Yorkers who could afford coverage but choose not to, plus people who are eligible for Medicaid but have not applied.

"That's garbage," Kirsch said. "Most of the 2 million are moderate-income working families that can't afford coverage. And it's true that there are some 600,000 Medicaid-eligible adults, but the state makes them jump through bureaucratic hoops in order to apply."

AP-ES-12-18-99 1347EST<

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