

Testimony of Norman Hill
President of the A. Philip Randolph Institute
for the Finance Committee
United States Senate
on the Financing Provisions
of the Administration's Health Security Act

Norman Hill, President
A. Philip Randolph Institute
1444 I Street, N.W., Suite 300
Washington, D.C. 20005

Submitted May 9, 1994

TICT 0005259

Testimony of Norman Hill
President of the A. Philip Randolph Institute
for the Finance Committee
United States Senate
on the Financing Provisions
of the Administration's Health Security Act

My name is Norman Hill and I am the president of the A. Philip Randolph Institute (APRI), an organization of African-American trade unionists established in 1965 by the late civil rights and labor leaders, A. Philip Randolph and Bayard Rustin. APRI has over 150 chapters nationwide, and I am proud that our voter participation campaigns have brought millions of African Americans to the polls.

On behalf of our two million members, I want to express our support for President Clinton's efforts to reform the nation's ailing health care system. All Americans are anxious to see health care costs brought under control and universal access to health care assured -- two major goals of the Clinton program.

African American workers comprise a large proportion of the uninsured. Even those who have health insurance live in fear of losing their jobs and the health insurance benefits that often are provided with employment. For this reason, we are particularly pleased with the President's commitment to providing universal access to health insurance benefits for all Americans. The Health Security Act includes a provision requiring employers to pay 80 percent of an employee's insurance premium. Although this provision is controversial, we view it as one of the most important elements of the President's plan. For those employers who cannot afford to bear the full burden of this cost, the plan provides significant subsidies to ease that burden.

APRI also applauds President Clinton's recognition that skyrocketing health care costs must be controlled for health care reform to be successful. We believe that limiting the annual increase in health insurance premiums will be a significant step forward in reducing these costs. In addition, as fewer health plans compete for larger shares of the consumer market, cost increases among insurance companies may also be reduced.

APRI is concerned, however, that the health care access and security that we so desperately need may come at the expense of low- and middle- income African Americans. Last year, we released a study titled Fair Taxes: Still a Dream for African Americans. The study shows that low- and middle- income African Americans pay a far higher share of their income in federal payroll and excise taxes as well as state and local taxes than wealthy Americans. In fact, an African American family of four

TICT 0005260

with a combined income of \$25,000 can pay proportionately almost six times more of its income in federal excise taxes on products like gasoline or tobacco than a family making \$250,000 a year.

Whether you are African-American, Hispanic or Caucasian, if you are poor or middle-class, you will pay a higher percentage of your income in all of these taxes than if you are very rich. Our concern with the Health Security Act is that it relies heavily on flat premiums and tobacco excise taxes for financing. Based on the evidence provided in our own study, in addition to a number of studies and analyses by groups like Citizens for Tax Justice, this legislation places an unnecessary burden on the backs of all low- and middle- income Americans, including African Americans.

Health care reform is desperately needed, but a new health care system should not exacerbate existing inequities in this country. Over-reliance on regressive taxes will do just that.

As the President's health care reform plan moves through Congress, we call upon lawmakers to work with President Clinton to finance health care reform in a fair and equitable manner -- in a way that asks all Americans to contribute based on their ability to pay, rather than taking more from those who can least afford it.

TICT 0005261