

## **Governor Ehrlich's Veto Messages for Senate Bill 790 / House Bill 1284**

May 19, 2005

The Honorable Thomas V. Mike Miller, Jr.  
President of the Senate  
State House  
Annapolis, MD 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed Senate Bill 790 *Fair Share Health Care Fund Act*. In an era where providing affordable access to health care is one of the toughest problems to ever face this country, this legislation does little to address the issues of access to, or affordability of, health care. Instead, Senate Bill 790 lays attack on successful businesses, simply because they are successful.

Senate Bill 790 imposes an assessment on certain employers based on the provision of health insurance. The revenues collected from the assessment would be deposited in the newly created Fair Share Health Care Fund in the Department of Health and Mental Hygiene to be used only to support the operations of the Medical and Pharmacy Assistance Program. In fact, Senate Bill 790 imposes an arbitrary tax on employers with 10,000 or more full and part-time employees in the State. If the employer does not spend at least 6% of total wages for a nonprofit employer or 8% of total wages for a for-profit employer on health insurance costs, the employer is required to pay an amount equal to the difference between what the employer spends on health insurance and the required percentage of total wages.

Nationwide, there is a growing number of programs that show the promise of curbing the cost of health care, including consumer driven health care plans and Health Savings Accounts. However, Senate Bill 790 is bad policy because it imposes an arbitrary number on employers and health care and further establishes that a State will dictate to businesses the type and level of health insurance they must provide for their employees. Maryland, or any state, should not be in the business of micromanaging an employer's payroll. Additionally, the good faith efforts of employers who provide health benefits for their employees go unrecognized. One company affected by the legislation testified at the hearing that it was approaching the 8% threshold, yet it provides a very generous benefits package.

I recognize there is a movement that is sweeping the country mandating certain employers to play or pay. Again, I advise every employer in the State: it may not affect you now, but it will soon, and very soon indeed. This proposal is just the beginning for mandating that all employers provide health benefits. Once this precedent is set, the General Assembly will most certainly apply the law to smaller companies in the future while also requiring that more money be spent on health care. Senate Bill 790 on its face appears to be an attempt to address the issue of increasing health care costs. However, an appropriate response to this issue is addressing a long-term solution to

determine how to best reduce health care costs. I challenge the members of the General Assembly to stand with me in crafting an appropriate solution.

I am committed to increasing access to quality health care, especially for those Marylanders who can least afford it. As Governor, I have worked earnestly with the General Assembly to ensure affordable health care through Federally Qualified Health Centers (FQHCs), prescription drug program modifications, and increased access and improved environments for small group market reform. I have demonstrated my commitment by providing \$2.4 million in the fiscal year 2005 budget to establish a capital bond program to expand and improve FQHCs for five capital projects in Baltimore City, Allegany County, Caroline County, and a center to serve the lower shore. My fiscal year 2006 budget allocated \$2.4 million for seven capital projects located throughout Baltimore City, Allegany County and Prince George's County. A total of almost 38,000 additional patients will be served as a result of these projects. In addition, I have worked closely with the General Assembly this session on a series of health care access and prescription drug bills that directly address the problems we face. I look forward to continuing that productive bipartisan relationship to find real solutions. In contrast, Senate Bill 790 does nothing to address the issues of access to or affordability of health care. It is not a health care bill; it is a tax bill.

The chilling anti-business message sent by this bill has been heard by Maryland employers of all sizes and by potential employers of Marylanders around the world.

For the above stated reasons, I have vetoed Senate Bill 790.

Very truly yours,

Robert L. Ehrlich, Jr.  
Governor

May 19, 2005

The Honorable Michael E. Busch  
Speaker of the House  
State House  
Annapolis, MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed House Bill 1284 *Fair Share Health Care Fund Act*. In an era where providing affordable access to health care is one of the toughest problems to ever face this country, this legislation does little to address the issues of access to, or affordability of, health care. Instead, House Bill 1284 lays attack on successful businesses, simply because they are successful.

House Bill 1284 imposes an assessment on certain employers based on the provision of health insurance. The revenues collected from the assessment would be deposited in the newly created Fair Share Health Care Fund in the Department of Health and Mental Hygiene to be used only to support the operations of the Medical and Pharmacy Assistance Program. In fact, House

Bill 1284 imposes an arbitrary tax on employers with 10,000 or more full and part-time employees in the State. If the employer does not spend at least 6% of total wages for a nonprofit employer or 8% of total wages for a for-profit employer on health insurance costs, the employer is required to pay an amount equal to the difference between what the employer spends on health insurance and the required percentage of total wages.

Nationwide, there is a growing number of programs that show the promise of curbing the cost of health care, including consumer driven health care plans and Health Savings Accounts. However, House Bill 1284 is bad policy because it imposes an arbitrary number on employers and health care and further establishes that a State will dictate to businesses the type and level of health insurance they must provide for their employees. Maryland, or any state, should not be in the business of micromanaging an employer's payroll. Additionally, the good faith efforts of employers who provide health benefits for their employees go unrecognized. One company affected by the legislation testified at the hearing that it was approaching the 8% threshold, yet it provides a very generous benefits package.

I recognize there is a movement that is sweeping the country mandating certain employers to play or pay. Again, I advise every employer in the State: it may not affect you now, but it will soon, and very soon indeed. This proposal is just the beginning for mandating that all employers provide health benefits. Once this precedent is set, the General Assembly will most certainly apply the law to smaller companies in the future while also requiring that more money be spent on health care. House Bill 1284 on its face appears to be an attempt to address the issue of increasing health care costs. However, an appropriate response to this issue is addressing a long-term solution to determine how to best reduce health care costs. I challenge the members of the General Assembly to stand with me in crafting an appropriate solution.

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