

TAX SUBSIDIES FOR HEALTH INSURANCE: SEN. JOHN MCCAIN (R-ARIZ.)
Presidential Candidate Forum: John McCain
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“SUSAN DENTZER: Senator, staying on these tax credits, as you said, \$2,500 per individual, \$5,000 per family the average cost of a family health insurance policy is now upwards of \$12,000 so for people who are not getting coverage through their employer this would really only offset a fraction of the expense of having an overall health policy. Why does a flat tax credit of that size not adjusted for family income and really falling short of its cost of coverage, why is that a good idea?

SEN. JOHN MCCAIN (R-ARIZ.): Well, one thing it does is if someone has a gold plated health insurance policy then since they are taxable they will then start paying taxes and it may make them make different decisions about the extent of coverage of their health insurance plan. Another thing that it does that I think is very important is that they are getting, if they're low income and have no health insurance today at least now they've got \$2,500 or \$5,000 in the case of a family to go out and at least start the beginning to have one. In the present situation they obviously have none unless if they do not have employer provisioned health insurance which we know small businesses—that's the biggest problem for small business men and women in America.

So, it's equal to or more than the value of the tax break today for employer provided health insurance when you look at it. It's not a perfect solution and, frankly, if it was not for the price tag involved I would make it even higher. But according to the CBO initially by shifting to the employee tax aspect of it we save \$3.5 trillion over a ten year period. And I think that would have some beneficial effect again in reducing the overall healthcare cost burden that we are laying on future generations.”