

## Health care

# Tax the wicked, cure the sick

**Another governor aims for universal health care**

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IN 2005 the Democratic governor of Illinois, Rod Blagojevich, showed that expanding health-insurance coverage at the state level could be a popular policy. His All Kids programme made health insurance universal for Illinois children by filling in gaps between private and government-backed schemes. The idea caught on.

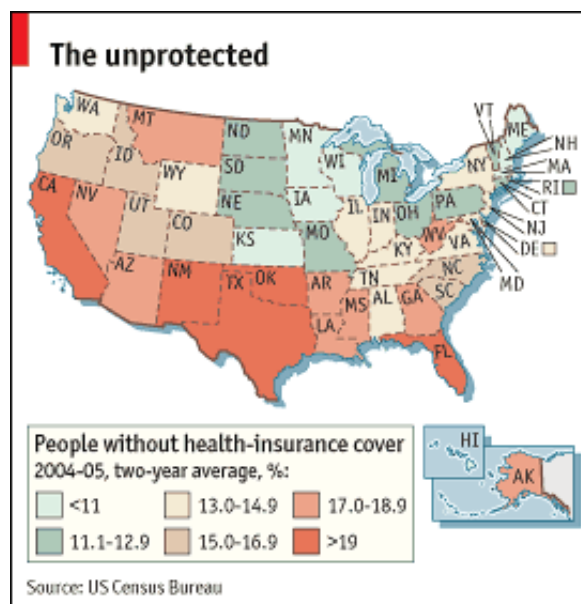
Pennsylvania and Tennessee have also announced plans to insure more children; and other governors, starting with Mitt Romney in Massachusetts, have gone even further by aiming to cover everyone in their states, not just youngsters.

Not to be outdone, back in Illinois Mr Blagojevich this week unveiled a new health-insurance overhaul, supported by some controversial new taxes.

Universal coverage in Massachusetts was relatively easy; few people were uninsured to begin with. But other governors face tougher trade-offs if they want to insure everyone. In Texas, one in four people lacks health coverage. In the biggest state, Arnold Schwarzenegger's universal scheme will need to cope with the 19% of Californians who currently go uninsured. Illinois is more typical: with 14% uninsured, it is roughly in the middle of the pack (see map).

Mr Blagojevich's plan has many elements that other governors are trying. It would make private health insurers offer a low-cost plan that anyone could join. It would compel everyone to buy some kind of insurance, either on their own or through their employer, as a way to hold the system's costs in check. And it would give subsidies to help those with low incomes pay their premiums. A poor family of four, for example, would pay only \$2,250 out of their own pockets for insurance, dramatically less than it would cost now. The plan would also try to cajole small firms into joining the state-sponsored insurance option.

Passing the tax increases that Mr Blagojevich needs to pay for it will be hard. He says,



optimistically, that the scheme will cost \$2.1 billion a year. The governor also faces a public-pensions crunch and wants lots of money for schools. So on March 7th he proposed two new taxes to the legislature in Springfield, along with a hefty new bond issue and a plan to lease the state lottery. He asked for a 3% payroll tax on employers that do not offer health insurance; and he wants to replace the corporate income tax with a much larger tax on businesses' gross receipts—in effect, the revenues they earn on goods and services. His fellow Democrats control both chambers, but even some of them might balk.

The governor points out that these business taxes do not technically violate his pledge, during last autumn's re-election campaign, to avoid raising sales or income taxes. Yet Illinois workers would ultimately bear much of the cost, through some combination of higher prices for goods and services and lower demand for their labour.

Mr Blagojevich tried to blunt the inevitable criticism by using two of George Bush's favourite strategies: pre-emption and religion. On March 4th, three days before taking his budget and tax plans to state lawmakers, the governor announced his health-care plan in front of a Chicago church. Across the state other congregations demonstrated loudly in favour, using horns and bells—they called it “sounding the alarm”. The faith-based angle was fitting. Mr Blagojevich wants to insure the multitudes—and it will miraculously cost them nothing.

From the print edition: United States