THE WHITE HOUSE

WASHINGTON

February 25, 1994

The Honorable Pat Roberts
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Roberts:

You forwarded to me a letter sent by Mr. Craig Crosswhite regarding the financing of the Health Security Act. Mr. Crosswhite suggests that federal tax revenues will be reduced if employers are required to contribute to health coverage for their workers.

Under the Health Security Act, employers will spend less overall on health care after reform due, for example, to reductions in health care costs, discounts provided to small businesses and the elimination of the costs of uncompensated care. As employers spend less on health care coverage, tax revenues should actually rise.

Please feel free to contact me for additional information. I look forward to working with you in the coming weeks.

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

PAT ROBERTS
1ST DISTRICT, KANSAS

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Congress of the United States
House of Representatives
Washington, DC 20515-1601

November 22, 1993

Mrs. Hillary Rodham Clinton
Office of the First Lady
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mrs. Clinton:

Please find enclosed a letter from Mr. Craig Crosswhite, a constituent of mine from Jetmore, Kansas. Mr. Crosswhite raises a question regarding the financing provisions of the Health Security Act. Any information you have regarding the effect on the tax base would be appreciated.

Again, thanks for your attention to this request.

With every best wish,

Sincerely,

Pat Roberts

PR/hh
Enclosure
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Craig S. Crosswhite

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October 22, 1993

Congressman Pat Roberts
1126 Longworth H.O.B.
Washington, D.C. 20515

Re: Health Care Newsletter

Dear Congressman Roberts:

After reviewing your October, 1993 health care newsletter, and after hearing various reports and reading various articles, I did have one question concerning the Clinton Administration proposals for funding of health care. I ask this question because no one seems to have addressed this that I have heard. As stated on page 2 under the Clinton Plan of your newsletter, employers would be required to pay 80% (or some percentage) of the premiums for all employees for health care coverage. Under current tax law, it is my understanding that this is a tax deductible off the Schedule C or the corporate return before computing income taxes.

Therefore, my question is how much this reduction in taxable revenue will affect the Clinton Administration's balanced budget proposals and rhetoric? In other words, if employers are to pay a substantial amount of their income for federal mandated employee benefits, won't this have a serious negative effect on the amount of personal and corporate income taxes collected from businesses at the end of each year? If so, where will the difference be made up other than new taxes?

I ask this only because I have not heard it addressed, and wonder if anyone has considered this. Perhaps there is some reason where my logic on this is incorrect. If you would, please let me know your office's thinking on this.

Sincerely,

Craig S. Crosswhite

Craig S. Crosswhite

CSC/eac