

# MedChi

*The Maryland State Medical Society*

1211 Cathedral Street  
Baltimore, MD 21201-5516  
410.539.0871  
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Sheila Hixson, Chairman  
Members of the House Ways & Means Committee  
The Honorable Robert Costa

FROM: Joseph A. Schwartz, III  
Pamela Metz Kasemeyer  
J. Steven Wise

DATE: February 23, 1005

RE: **SUPPORT** – House Bill 279 – *Income Tax – Subtraction Modification for Contributions to Health Savings Account*

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The Maryland State Medical Society (MedChi) which represents over 7,200 Maryland physicians and their patients supports House Bill 279.

House Bill 279 provides tax relief to employers who seek to fund health savings accounts controlled by their employees but which were not provided by the employer in the first instance. The employer would be allowed to take a deduction for contributions to such accounts (page 2, lines 28 through 29) and the employee would be allowed to take a deduction for the amounts contributed up to 40%. As a practical matter, an employer who made a \$1,000 contribution could take the full \$1,000 amount as an expense of the business while the employee would only have to declare \$600 as income on his or her Maryland income tax.

House Bill 279 is apparently designed for situations where employers do not provide health insurance but still want to provide assistance to employees who obtain their own health savings accounts. MedChi believes that all alternatives need to be explored in reaching the goal of universal coverage. Many employers are presently unable to provide health insurance coverage and too many people do not have any coverage. MedChi supports House Bill 279 in its attempt to further health insurance coverage.

**For more information call:**

Joseph A. Schwartz, III  
Pamela Metz Kasemeyer  
J. Steven Wise  
410-269-1618