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

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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