

STOP SMITH!



THE FACTS ON THE CHRIS SMITH BILL

SUMMARY: The Smith bill is dangerous to women's health and imposes new taxes on small businesses and women, men, and families. It is an unprecedented attempt to take away comprehensive private health insurance coverage from American women.

The new leadership took control of the House on a promise to create jobs, but instead, they are pushing policies that take health care benefits away from Americans. In fact, Representative Chris Smith's (R-NJ) misleadingly named bill, "No Taxpayer Funding for Abortion" (H.R. 3), is an aggressive attempt to take away the comprehensive private health insurance coverage that millions of women have today. This bill jeopardizes women's health because it does not allow for any exceptions for abortions that are necessary because a woman faces severe and permanent health risks that could shorten her life due to conditions such as heart disease, lung disease, and cancer.

Ultimately, Congressman Smith's bill could end private health insurance coverage for virtually all abortions, including private insurance coverage that Americans and their employers pay for entirely with their own money.

According to a March 2011 Hart Research poll, the vast majority of American voters — including Democrats, Republicans, and Independents — oppose the tax increases in this bill (63 percent).

Here are the facts:

FACT: The Smith bill is dangerous to women's health because it will take away the private health insurance benefits women currently have.

The Smith bill makes unprecedented restrictions on individuals who pay for their own health insurance coverage by drastically altering the tax code. Today, a majority of private health insurance plans offer comprehensive coverage that includes abortion. Health insurance industry experts have repeatedly stated that the restrictions created by the Smith bill could result in private health insurance companies dropping abortion coverage altogether, leaving millions of women — many of whom never thought they might need an abortion — without coverageⁱ. In fact, the Smith bill does not allow for any exceptions for women to get the coverage they need in cases when their health is in danger, even when a woman faces severe and permanent health risks.

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The Smith bill states that individuals who purchase insurance in the new health exchanges cannot receive federal tax credits if they choose a plan that provides coverage for abortion (except in the limited cases of incest, rape, and when the pregnant woman's life is in danger) — even though they are also using their own private dollars in part to buy insurance coverage.

As a result, a woman who has to terminate a pregnancy because of serious medical complications could face bankruptcy, as the costs for an abortion in complicated cases can cost more than \$10,000.

EXAMPLE: Women do not plan to have abortions, but sometimes life circumstances make abortion a necessary medical option. Take, for instance, a woman who plans her pregnancy, only to discover she has cancer. In order to preserve her health, her doctor may recommend that she start chemotherapy immediately, and in order to do so, she should have an abortion. If the Smith bill became law, her health insurance coverage would likely not cover this abortion to protect her health.

FACT: The Smith bill will raise taxes on small businesses as well as on millions of men, women, and families across this country because the health insurance they choose includes coverage for abortion — whether they use it or not.

Under the Smith bill, individuals who have health insurance coverage that includes abortion will face tax penalties because they will not be able to claim existing tax deductions and credits for the cost of their health care. This is a wide-ranging change because the majority of private employer-based health insurance plans cover abortion. To be specific, the Smith bill prohibits women from using tax-preferred accounts such as flexible spending accounts or health savings accounts for any costs associated with an abortion. Women and their families establish these accounts using their own dollars on a pre-tax basis.

In addition, small businesses that offer their employees comprehensive health insurance coverage will face tax penalties because they will no longer be able to claim existing deductions. In fact, under the Smith bill, small businesses offering employees health insurance coverage that includes abortion will no longer be able to claim the Small Business Health Tax Credit — potentially affecting up to four million small businesses.

Under the Smith bill, Americans who are self-employed and purchase comprehensive health insurance for themselves will face higher taxes because they will no longer be able to claim a deduction for their self-employed insurance policy if that policy includes abortion coverage.

EXAMPLE: Right now, if eligible taxpayers spend more than 7.5 percent of their adjusted gross income on medical expenses, they can deduct that part of their income on their tax returns. So, if individuals with cancer spend more than 7.5 percent of their income on medical expenses (including premiums for health insurance), they can claim this deduction and keep more of their money during their tax filing. However, under the Smith bill, if they pay for an abortion, even if it was necessary to prevent severe permanent damage to a woman's health; they would not be able to deduct the cost of

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the abortion, thus paying higher taxes.ⁱⁱ

FACT: The Smith bill makes permanent existing restrictions on abortion that are unfair and that threaten women's health.

Current law prohibits federal funding of abortion, except in limited cases: rape, incest, and when the pregnant woman's life is in danger. As a result, millions of women who rely on public health insurance, such as Medicaid, and federal government employees, are unable to access comprehensive coverage, even if their health is in danger.

The original version of the Smith bill put new limits on rape survivors' ability to use federal funds for abortion care by limiting the exemption to "forcible" rape. Also, the original bill no longer guaranteed public insurance coverage to a pregnant woman who needs an abortion to save her life and would have allowed public hospitals to potentially refuse to provide emergency medical treatment to a woman who needs an abortion to stop life-threatening hemorrhaging. After public outrage over these dangerous provisions, Rep. Smith was forced to give up these efforts to deny women access to abortion. But many other dangerous and onerous provisions remain.ⁱⁱⁱ

BOTTOM LINE: The Smith bill is dangerous to women's health: it would take private health care coverage away from women — even in circumstances where a woman needs an abortion to prevent severe, permanent damage to her health. And, the Smith bill would raise taxes on individuals and small businesses that have comprehensive private health insurance, which includes abortion coverage.

ⁱ Rosenbaum, Sara, et. al, "Testimony before the House Energy & Commerce Committee." February 9, 2011.

ⁱⁱ Internal Revenue Service, Topic 502: Medical and Dental Expenses. <http://www.irs.gov/taxtopics/tc502.html>

ⁱⁱⁱ <http://tpmdc.talkingpointsmemo.com/2011/02/report-republicans-give-up-on-forcible-rape.php> .