What REAL
Health Care Reform Would Look Like

This week, I was on the stump again pushing for sensible health care reform. My audience was the members of the Denver Kiwanis Club. Here’s a brief summary of my remarks.

I began by reminding the club’s members that the United States has the best system of health care in the world. It has brought us many miracles. The life expectancy of the average American has increased by more than one-third in the past six decades – from 57 to 78 years. Hundreds of thousands of people travel to the U.S. from overseas for consultations with our physicians and treatment in our clinics and hospitals.

The U.S. has the highest cancer survival rate in the world. Roughly two-thirds of American cancer patients are alive five years after diagnosis.

In Britain, where health care is provided by the government, barely one-half of cancer patients survive five years.

Of the women who get breast cancer in the United Kingdom, nearly half (48 percent) will die, compared with only one-quarter (25 percent) in the U.S.

Poll after poll indicates that most Americans are satisfied with the health care they get.

Our health care system is not without its problems. About 4 to 6 percent of our citizens are unable to obtain health care insurance. However, this does not mean they are without health care. Our present system, with all its flaws, still provides access to health care through a vast network of hospitals, clinics, and charitable organizations.

I presented a four-point prescription to improve our health care system, while at the same time maintaining the parts of it that have made it so special over the years. These are:

**Individual Choice and Free Market Competition through Health Savings Accounts:**

Instead of taking employer-provided health insurance, as we do now, individuals could ask employers for the same amount of money the employers spend on their insurance coverage. This would be deposited into each individual’s Health Savings Account. Like current health benefits, it would be tax-free. It could be spent only for health care – perhaps with a special debit card. People would use this money for ordinary expenses – visits to the doctor, immunizations, routine tests, prescriptions, etc.

What about a stay in the hospital or other big expenses? The Health Savings Account probably couldn’t cover those, but it could cover the low cost of a high-deductible, catastrophic insurance policy, which would kick in for high-cost treatments. For most people, these occur infrequently, so such coverage would be affordable. The higher the deductible, the cheaper the policy, just like auto insurance.

**Tax and Geographic Equity:**

Tax Equity: Our current health insurance system does not treat everybody equally. Those who get insurance from their employers enjoy a big tax-free benefit. The self-employed must pay for it with after-tax dollars. That is a fundamental injustice.

The remedy: Give people who pay for their own health care a tax deduction for those expenditures – and allow the self-employed to contribute to Health Savings Accounts with pre-tax earnings.

Geographic Equity: Anyone in any state should be allowed to buy the plan that best fits his or
her needs. Lack of interstate competition removes pressure to keep costs down. State governments
should get out of regulating health insurance; we need just one set of federal regulations. That
would increase competition and facilitate health insurance portability.

**Personal Responsibility:**

People who put themselves at risk should have to bear the higher long-term costs of their care
and not shift it to others. Smokers, heavy drinkers, drug users and the obese usually require much
more care, and their health insurance costs should be higher than those with healthy lifestyles.

**Tort Reform:**

Medical malpractice lawsuits add a tremendous cost to the nation’s health care bill. But thanks
to generous campaign contributions by trial lawyers, Congress and state legislatures have repeatedly
failed to pass meaningful limits on medical malpractice awards. This has led to a sharp increase in
the price of malpractice insurance. Neurosurgeons, for example, pay as much as $200,000 annually
for coverage.

But that’s only the beginning. To find what runaway malpractice suits really cost us, we need to
add the cost of all the extra procedures and tests done by doctors and hospitals practicing “defensive
medicine.” In the end, everybody bears the burden of these excessive costs.

That prescription for real health care reform is sound, reasonable, and makes a lot of sense to
many people.

With all of the activity in Washington, are we making any progress in that direction? NO! In
fact, we are going the wrong way.

Sadly, the Baucus bill passed this week by the Senate Finance Committee does not include any
of these cost-saving principles. There is no tax relief for people who buy their own health care
insurance.

There is no replacement of state regulations with uniform federal rules.
Health Savings Accounts are penalized and related Flexible Savings Accounts are capped at $2,500.
There is no tort reform.

However, the Baucus bill does include nearly a half TRILLION dollars in new taxes and
penalties, plus another half trillion in cuts in Medicare. The full Senate will soon vote on it and
then reconcile it with several bills – which are even less helpful, in my view – in the House of
Representatives.

Political observers say the real health care reform bill is currently being written behind closed
doors in the Capitol and in the dark corners of the White House.

If you like our current health care system or want to see it improved in a reasonable way without
implementing the kind of costly, bureaucratic, government-controlled system found in Canada or the
United Kingdom, get involved. Keep yourself informed. Contact your representatives in Congress,
write, speak out, and become active in any way you can.

There is so much at stake. Your voice can make a difference.