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## What Should the Next Congress Do About Health Care?

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Although it's too early to tell, next year we may have a very different Congress in Washington, one which might actually listen to the opinions of constituents. If so, what should the next Congress do about health care?

### Repeal the Worst Features

Congress should start by eliminating the vote-buying provisions of ObamaCare. The current law was passed thanks in part to a series of special deals that treat citizens unequally. Although some of the high-profile deals such as the "Cornhusker kickback" were eliminated from the final version, numerous other payoffs were left intact.

Massachusetts and Vermont, for example, were promised additional Medicaid funding, and Medicare Advantage beneficiaries in Florida, Pennsylvania, and New York were protected from cuts affecting other states. It is patently unfair to cut special deals for some states while denying the same benefits to others.

Congress should then vote to eliminate the individual and employer mandates. Citizens should not be compelled to buy something they cannot afford and then fined when they don't buy it. Moreover, the employer mandate will almost certainly cost workers their jobs or result in less take-home pay. Health coverage through work is merely a form of noncash compensation.

In addition, Congress should repeal other job-killing provisions, including new taxes on entrepreneurs and small business owners. Taxes on capital reduce economic output and inhibit job creation.

### Free the Market

Instead of expanding coverage through overregulated, state-based insurance exchanges that restrict the type of insurance a person can purchase, states should end the current practice of barring employers from purchasing personal and portable insurance for employees.

Right now employers are in the position of having to manage their employees' health care costs, even though many businesses lack the experience or expertise. Instead, employers should be able to make a fixed-dollar contribution to each employee's health insurance each pay period. Like 401(k) accounts, the health plans would be owned by employees and travel with them as they move from job to job and in and out of the labor market.

The easiest way to achieve personal and portable insurance is to reform the federal tax system in a way that makes health insurance affordable for individuals. Currently, employer-paid premiums avoid federal, state, and local income taxes, as well as payroll taxes. By contrast, people who buy their own insurance get no tax break unless their medical costs exceed 7.5 percent of their adjusted gross

income. Instead, every American should receive the same tax subsidy for health insurance, regardless of where it is purchased.

The new health reform law aims to address the needs of people with preexisting conditions—people who often find individual coverage unaffordable. Unfortunately, it creates inefficient and arbitrary subsidies that will distort the labor market. A better way to resolve this problem is to allow the marketplace to meet the needs of the chronically ill and encourage plans that specialize in treating their health problems.

We also need real malpractice reform, which was noticeably absent from the health care reform bill signed into law by the president. Sensible reform would allow victims of unexpected adverse events to be promptly compensated by episode-specific insurance, without the need of lawyers, judges, jurors, and courthouses.

## **Reform Public Coverage**

Congress should liberate patients enrolled in Medicaid and S-CHIP. The new health care law is projected to cover 32 million uninsured individuals—half of them through Medicaid. Yet numerous studies show Medicaid enrollees have a harder time finding physicians who will treat them, because of the rock-bottom physician fees Medicaid pays.

Instead of trapping more children and families in public health care plans that all too often ration care by making people wait, we should make those dollars available to subsidize private coverage, giving patients access to the full range of medical providers and facilities.

In addition, Congress should encourage Medicare Advantage plans and encourage employers' supplemental benefits instead of discouraging them as the new law does. Congress should also encourage employers to help their retirees obtain personally owned, portable insurance.