

SPEAKOUT

Government control bad for your health

By Brian T. Schwartz

The 208 Commission is spending your tax dollars to inject poison into our health-care system — the very same poison already crippling it: government controls over your medical choices. These controls chain you to your employer's health plans, prohibit the sale of affordable insurance policies and allow Medicaid to provide lousy health care while perpetuating poverty.

Because the tax code exempts employer-provided health insurance, but not other types, you're essentially stuck with your employer's high-cost non-portable choices. Hence, insurance companies can afford to be stingy and deny you care; they know that losing you as a customer requires that you change jobs.

Tax-exempt insurance coddles insurance companies by encouraging you to forgo a higher salary for more expensive coverage than you may need. This especially applies if Congress denies you a tax-free Health Savings Account because your insurance doesn't qualify. Why save \$100 each month on a more economical policy when, after taxes, you're left with only \$45 to save for when you're older? You might as well keep the costly insurance, even though you probably won't utilize those high premiums and you could be saving.

Our insurance-friendly tax code has resulted in our demanding prepaid medical care instead of real insurance. Since medical care appears almost free

at the point of service, patients overconsume, are not cost-conscious, and providers need not compete on price. Providers do not strive to satisfy you as a customer because you aren't a customer — your insurance company is. Yet, extensive research has shown that patients with higher-deductible policies spend much less than those with prepaid plans — with negligible difference in health outcomes. They also seek more preventive care.

To champion fairness and affordable quality medical care, the 208 Commission should support a tax code that treats out-of-pocket medical expenses and insurance equally, regardless of who pays insurance premiums. President Bush's tax deduction for insurance falls short, as it still favors insurance companies and penalizes out-of-pocket medical purchases.

A viable solution is universal eligibility for tax-deductible Health Savings Accounts, now available only with high-deductible insurance. Since taxes shouldn't favor insurance over savings, anyone should be able to open an HSA. Further, to free us from our employer's insurance, we should be able to purchase insurance with HSA deposits.

It's bad enough that government pampers insurance companies by penalizing savings and pushing you to buy needlessly expensive insurance. Worse yet, Colorado's mandated-benefits laws make it a crime to purchase affordable health insurance. The 208 Commission supports plans to extend these laws,

even though they already increase your premium costs by between 21 percent and 54 percent.

The Colorado legislature should expand eligibility for "mandate-lite" policies and ultimately repeal mandates. It should also advance the goal of the Health Care Choice Act, which would allow you to buy insurance that meets less damaging regulations of other states.

Lastly, the 208 Commission foolishly supports Medicaid expansion. As shown in FAIR, my free-market proposal at WhoOwnsYou.org, Medicaid fails to meet its criteria of increased access, personal responsibility, financial stability, and fairness. Instead of unfairly competing with insurance companies with Soviet-style government-controlled insurance, Medicaid could at least mimic food stamps with insurance vouchers.

This would be an improvement, but it's still unjust. For every dollar expropriated from you to fund Medicaid, private charities lose a potential donation. A tax credit for donations to medical charities would partially level the playing field. The threat of lost revenue would motivate Medicaid administrators to be effective, and taxpayers would have more freedom to fund charities they deem worthy.

Government controls cripple medical care. Effective reform requires phasing out destructive controls and programs, not creating more of them. Paraphrasing Colorado activist Robert LeFevre, government-controlled medicine is a "disease masquerading as its own cure."

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