



FIVE FUNDAMENTAL REFORMS TO IMPROVE HEALTH CARE America provides the best health care in the world, but yet is still in need of reform, particularly in those areas where the problems are most acute: access due to problems with the individual health insurance market and overall cost containment. Unfortunately, the Obama-Pelosi plan does neither and at best throws the baby out with the bathwater.

Rather than turn the system upside down and federalize health care, major improvements in the U.S. system can be accomplished with five significant reforms:

1) Unlike the Obama-Pelosi fantasy, truly allow those who like their current health insurance plan to keep it. Since the passage of ERISA decades ago, the government has been subsidizing employer-based health plans by allowing health insurance to be provided as a benefit to employees with pre-tax dollars. However, for those who are not covered by their employer's plan who are forced into the individual market, the same advantage does not exist.

Therefore, the first order of business would be to provide refundable tax credits to everyone for the purchase of health care. This will put all consumers on a level playing field and provide them with the resources necessary to shop for the product that best suits the needs of themselves and their families. This would also enhance competition by giving individuals the ability to opt-out of their employee plan if they so choose and shop for insurance that best meets their needs. Obviously, the same would be true for those in the individual market and would provide market based downward pressure on cost. It would also give those who are unable to purchase health care due to cost the resources to enter the market, while at the same time saving considerable taxpayer dollars compared to the tremendous costs associated with the Obama-Pelosi federalization plan.

2) Expand choices for consumers by eliminating the prohibition on out-of-state health insurance purchases. Allowing the people of Michigan to shop nationally for the plan that best meets their needs will significantly increase available choices and will allow consumers to meet their personal objectives for a health plan. Lifting this prohibition will also reduce costs as market-based competition takes effect.

3) Remove the shackles on Health Savings Accounts (HSA's) with enhanced incentives. These high-deductible plans are greatly appreciated by those who utilize them now. They create tax incentives for privately funded health insurance programs and allow

individuals to carry-over unspent funds with tax advantages for so doing. Again, private spending creates market based competition that will do more to hold down cost than relying on a bureaucrat in Washington to abstractly dictate cost structures.

4) Provide real tort reform. Until there is a meaningful balance between the legitimate claims of the plaintiff's bar and the malpractice burden placed on all health care providers we will be subjected to far more testing and defensive medicine than we really need.

5) Unquestionably, health insurance companies are not blameless for the challenges in the current system. Having a pre-existing condition can no longer be an excuse to deny anyone coverage. In order to eliminate the practice of cherry-picking healthy individuals, we must create state-by-state high risk insurance pools that will be mandated to accept all regardless of pre-existing condition. Those with high risk who fall outside the standard underwriting guidelines would be eligible to be covered by this program. This high risk pool would be funded by assessing a significant fee to all insurance companies who do business in a particular state and are unwilling to provide private insurance to these individuals. Participants in this insurance pool would also be able to use their refundable tax credit to help pay the cost. No one would be denied health insurance coverage.

Health care in the United States needs reform. But rather than use a meat axe approach, policymakers should use a scalpel to fix that which needs fixing. While these proposals will not solve every problem in the system, they will go a long way to fixing what ails it. I am convinced Congress can build a bi-partisan consensus if the Democrat leadership chooses to do so. And, frankly, change of this magnitude on an issue this important demands it. We can do better!

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