

# **The Health Care Freedom Coalition**

## **Affordable Health Care Agenda**

Most Democratic presidential candidates, one Republican presidential candidate, many business trade associations, and unions have endorsed “universal health insurance” as the solution to our nation’s health care problems.

With 46 million Americans who don’t have health insurance, these politicians and special interest groups have concluded that covering everyone will magically make health care affordable.

“Universal health insurance” is a myth. The only way to make health care “affordable” under a “universal health insurance” scheme is through price controls and limiting access. Any proposal claiming to provide “universal coverage” is nothing more than a system that must rely on private and/or public entities to administer government-run health care.

***We, the Health Care Freedom Coalition, believe the solution to the nation’s health care problems is to make health care affordable for all Americans through a competitive, open, and transparent health care system where America’s families choose their own doctor and health care plans.***

We believe any health care reform proposal must follow these principles:

- Free Choice of Doctors, Hospitals, and Health Plans
- HSAs Option for all Americans
- Tax Fairness and Simplification
- Affordable Health Insurance for Small Business
- Buying Health Insurance Across State Lines
- Health Care Price Disclosure
- High Risk Pools for People Who Are Sick
- Convert DSH Payments into Health Insurance Block Grants
- Allow nonprofit, faith-based alternatives for health insurance
- More competition between facilities

Health care reforms must not impose or create new controls on the public:

- No Mandates
- No Government Price Controls
- No Basic Benefit Packages or Actuarial Equivalent
- No Health Care GSEs
- No new government programs or expansion of existing ones

**Health Care Freedom Coalition (as of July 17, 2007)**

60 Plus

Alabama Policy Institute

American Conservative Union

American Shareholders Association

Americans for Prosperity and AFP Foundation

Americans for Tax Reform

Center for Freedom and Prosperity

Christus Medicus Foundation

Commonwealth Foundation for Public Policy Alternatives

Consumers for Health Care Choices

Council for Affordable Health Insurance

Fairness Foundation

FreedomWorks

Grassroot Institute of Hawaii

Illinois Policy Institute

Indiana Family Institute

Medical Savings Insurance Company

Mississippi Center for Public Policy

National Center for Policy Analysis

National Taxpayers Union

Pacific Research Institute

Public Interest Institute

Rio Grande Foundation

Small Business Entrepreneurship Council

The James Madison Institute

Washington Policy Institute

## **Affordable Health Care Agenda**

- Free Choice of Doctors, Hospitals, and Health Plans

Any health care reform proposal must allow all Americans to choose their own doctor, hospital, and health plan. Furthermore, no reform proposal should coerce any American into buying a health plan designed by the government or be required to join a government-created, government-funded, or government-run purchasing pool or connector where the government selects health benefits and plans from which to choose.

- HSAs Option for All Americans

Health Savings Accounts (HSAs) are the only health plan that allows free choice of doctors and hospitals while providing incentives to reduce health care spending. Therefore, HSAs must be an option for all Americans, including those who are beneficiaries of government health care programs, such as Medicaid and Medicare. Any regulations or obstacles to making HSAs an option for Medicare and Medicaid beneficiaries must be removed to meet this goal.

- Tax Fairness and Simplification for All Americans

The current tax break for health insurance is discriminatory, unfair, and, quite frankly, a mess. Employer-provided health insurance is tax free from income and payroll taxes. Self-employed individuals get to deduct the cost of their premiums from income. And, consumers who buy their own policy get no tax break. Workers who are displaced from a job due to a trade agreement get a 65 percent tax credit under the Health Care Tax Credit (HCTC). This mess cannot continue.

We believe the tax break for health insurance needs to be fair, nondiscriminatory, and apply to all Americans whether they get their health insurance from their employer or not.

- Affordable Health Insurance for Small Business

Fewer and fewer small employers are providing health insurance because of the cost. The cost of health insurance is especially painful for tiny employers who employ fewer than 10 employees. Benefit mandates and regulatory mandates, such as HIPAA's guaranteed issue mandate on small employers, apply to state-regulated, fully insured plans. Large employers who self-insure under ERISA escape all the benefit mandates at the state level and have more flexibility in designing a health care plan for their employees.

Small employers should be allowed to join together across state lines and have the same flexibility that large employers enjoy.

- Buying Health Insurance Across State Lines

Individuals who buy their own health insurance plan and many small employers are limited in the type of health insurance that they can buy. Most are forced to buy insurance in their state that contains all the benefit mandates and benefit regulations imposed on them by state legislators. Families in Minnesota are forced to buy a health plan that contains 62 mandates, while families in Idaho can buy a plan with 13 mandates. In New Jersey, a family HMO costs \$1,652 per month, while a family can buy a HMO plan in Pennsylvania for \$707 per month!

The Constitution permits interstate commerce, so American families should be allowed to buy health insurance that meets their health care needs and should be allowed to buy insurance from other states. If a family in Idaho wants to buy a health care plan with all of Minnesota's 63 mandates, they should have the choice to buy. If a family in Minnesota wants to buy a health care plan with Idaho's 13 mandates, they should have that choice.

- Health Care Price Disclosure

Since the creation of HSAs, more than 6 million Americans have chosen them for their health care needs. While more Americans will continue to choose HSAs, it is important for America's families to know the cost of health care. Hospitals mark up their prices dramatically – some more than 500 percent – so it is important for an open health care system for shoppers to know the cost of the care that is being provided.

Hospitals and doctors should be encouraged as a condition of accepting Medicare and Medicaid reimbursement to publish their cost to provide the care. They should also publish the reimbursement schedule from various payers, including Medicare and insurance companies, so consumers will be better educated.

- High Risk Pools for People who are Sick

Thirty-three states have high risk pools that provide health insurance to people who are sick and can't get health insurance. This population represents a small portion of the country, but they should not be left out of America's health care system because they are sick. Congress has historically provided federal dollars to encourage states to establish a high risk pool for people who are sick, and states have taken advantage of these federal dollars.

Congress should continue to provide incentives for states to establish high risk pools so people who are sick can have access to affordable health insurance.

- Convert DSH payments into Health Insurance Block Grants/Vouchers

The federal government provides nearly \$20 billion dollars a year in disproportionate payments (DSH) to hospitals that treat people who don't have health insurance. Considerable evidence exists that hospitals actually collect and profit from uninsured patients. DSH payments should be sent to the states in the form of health care block grants. States would be required to use those DSH payments to provide vouchers for private health insurance for the uninsured.

- Nonprofit Alternatives to Health Insurance

More than a hundred thousand Americans choose not to buy health insurance because they belong to nonprofit, faith-based organizations that share each other's health care costs. These Americans should be allowed to continue this alternative way to access our nation's health care system and should not be coerced into buying health insurance.

- More Competition Between Facilities

Consolidation and mergers of hospitals has led to actual or near-monopoly conditions in many communities in the United States. Monopoly always leads to excessive prices, poor quality, and lack of innovation. The biggest obstacle to increasing innovation and competition are the Certificate of Need laws that are still in effect in most states. These laws are 1970s style regulations that allow existing facilities to block the establishment of new competitors. They should be repealed.

- No Mandates

According to the Council for Affordable Health Insurance, state lawmakers have enacted more than 1,900 benefit mandates on consumers. The federal government has enacted three mandated benefits on consumers. In addition, states and the federal government have imposed guaranteed issue coverage mandates and price control mandates (community rating) on American workers and small employers.

We challenge Congress and state legislators to impose a five-year mandate free zone on Americans beginning in 2008 and running through 2013.

- No Government Price Controls

The Federal government should not expand its practice of setting prices in our health care system. Price Controls distort the marketplace causing perverse incentives and cost shifting.

- No Basic Benefit Packages or Actuarial Equivalent

Federal and state legislators should not impose a health insurance benefit package on Americans nor should they require consumers to buy a health insurance plan that is equivalent in value to an existing health insurance plan.

- No Health Care GSEs

The federal or state government should not become or create government sponsored enterprises for health care that act as reinsurance programs. Private reinsurance companies provide insolvency protection and important health care services, such as chronic care management, to people who are sick.