

August 21, 2006 As a medical doctor, I've seen first-hand how bureaucratic red tape interferes with the doctor-patient relationship and drives costs higher. The current system of third-party payers takes decision-making away from doctors, leaving patients feeling rushed and worsening the quality of care. Yet health insurance premiums and drug costs keep rising. Clearly a new approach is needed. Congress needs to craft innovative legislation that makes health care more affordable without raising taxes or increasing the deficit. It also needs to repeal bad laws that keep health care costs higher than necessary. We should remember that HMOs did not arise because of free-market demand, but rather because of government mandates. The HMO Act of 1973 requires all but the smallest employers to offer their employees HMO coverage, and the tax code allows businesses- but not individuals- to deduct the cost of health insurance premiums. The result is the illogical coupling of employment and health insurance, which often leaves the unemployed without needed catastrophic coverage. While many in Congress are happy to criticize HMOs today, the public never hears how the present system was imposed upon the American people by federal law. As usual, government intervention in the private market failed to deliver the promised benefits and caused unintended consequences, but Congress never blames itself for the problems created by bad laws. Instead, we are told more government- in the form of "universal coverage"- is the answer. But government already is involved in roughly two-thirds of all health care spending, through Medicare, Medicaid, and other programs. For decades, the U.S. healthcare system was the envy of the entire world. Not coincidentally, there was far less government involvement in medicine during this time. America had the finest doctors and hospitals, patients enjoyed high quality, affordable medical care, and thousands of private charities provided health services for the poor. Doctors focused on treating patients, without the red tape and threat of lawsuits that plague the profession today. Most Americans paid cash for basic services, and had insurance only for major illnesses and accidents. This meant both doctors and patients had an incentive to keep costs down, as the patient was directly responsible for payment, rather than an HMO or government program. The lesson is clear: when government and other third parties get involved, health care costs spiral. The answer is not a system of outright socialized medicine, but rather a system that encourages everyone- doctors, hospitals, patients, and drug companies- to keep costs down. As long as "somebody else" is paying the bill, the bill will be too high. The following are bills Congress should pass to reduce health care costs and leave more money in the pockets of families: HR 3075 provides truly comprehensive health care reform by allowing families to claim a tax credit for the rising cost of health insurance premiums. With many families now spending close to \$1000 or even more for their monthly premiums, they need real tax relief-- including a dollar-for-dollar credit for every cent they spend on health care premiums-- to make medical care more affordable. HR 3076 is specifically designed to address the medical malpractice crisis that threatens to drive thousands of American doctors- especially obstetricians- out of business. The bill provides a dollar-for-dollar tax credit that permits consumers to purchase "negative outcomes" insurance prior to undergoing surgery or other serious medical treatments. Negative outcomes insurance is a novel approach that guarantees those harmed receive fair compensation, while reducing the burden of costly malpractice litigation on the health care system. Patients receive this insurance payout without having to endure lengthy lawsuits, and without having to give away a large portion of their award to a trial lawyer. This also drastically reduces the costs imposed on physicians and hospitals by malpractice litigation. Under HR 3076, individuals can purchase negative outcomes insurance at essentially no cost. HR 3077 makes it more affordable for

parents to provide health care for their children. It creates a \$500 per child tax credit for medical expenses and prescription drugs that are not reimbursed by insurance. It also creates a \$3,000 tax credit for dependent children with terminal illnesses, cancer, or disabilities. Parents who are struggling to pay for their children's medical care, especially when those children have serious health problems or special needs, need every extra dollar. HR 3078 is commonsense, compassionate legislation for those suffering from cancer or other terminal illnesses. The sad reality is that many patients battling serious illnesses will never collect Social Security benefits-- yet they continue to pay into the Social Security system. When facing a medical crisis, those patients need every extra dollar to pay for medical care, travel, and family matters. HR 3078 waives the employee portion of Social Security payroll taxes (or self-employment taxes) for individuals with documented serious illnesses or cancer. It also suspends Social Security taxes for primary caregivers with a sick spouse or child. There is no justification or excuse for collecting Social Security taxes from sick individuals who literally are fighting for their lives.