

Consumers for Health Care Choices Lauds Bush Initiatives President's Proposals Exceed Expectations



Hagerstown, MD, January 31, 2006 -- *Consumers for Health Care Choices* is delighted by President Bush's health care proposals as outlined in the State of the Union speech. The speech itself laid out only broad ideas, but organization founder and president Greg Scandlen said, "The accompanying detailed information released by the White House is very impressive. It moves the ball forward far beyond what most of us expected."

Scandlen added, "These initiatives will have a profound effect on reducing the cost of health care, increasing the number of insured Americans, and on making health insurance more accountable to the average consumer."

The Details are Impressive

Expanding HSAs. Perhaps the most important new idea in this package of proposals is a recognition that a mere tax deduction isn't enough to level the playing field with employer-sponsored coverage. Tax deductions are of greatest benefit to higher-income workers, but of little help to people whose main tax liability is the payroll tax. The president addresses this by proposing a tax credit to offset the payroll taxes paid on premiums and on HSA contributions made by individuals. He also allows HSA funds to pay for premiums for Americans who are not employed. This could have a major impact on the uninsured. And he allows HSA contributions to cover all of the out-of-pocket costs not covered by an insurance plan, not just the deductible. Finally, the president would allow employers to provide a higher HSA contributions to the accounts of people with chronic conditions and greater health care needs. These are all important new ideas that should be embraced by Congress.

Making Health Insurance Portable. The president creates an entirely new concept in health insurance -- "Portable HSA Insurance." This would be a policy provided by an employer, but owned by the worker. The worker could take it with him from job to job and keep it during times of unemployment. If he gets a new job, the new employer could contribute to the cost of the coverage. The president would also allow individuals to purchase coverage across state lines, so if their own state has a non-competitive market, they could shop for coverage in other states that have more competition. He also has proposed allowing civic and religious organizations to form their own Association Health Plans, giving people who may not be affiliated with an employer an opportunity to jointly purchase coverage with others in their community.

Special Needs. President Bush has also proposed providing seed money to states to develop innovative ways to cover the chronically ill, and providing tax credits or vouchers for low-income families to purchase coverage.

Other of the president's ideas require more study. While information technology is important in bringing greater efficiency to the health care system, CHCC is nervous about top-down solutions

imposed by Washington. We would hope he would encourage grassroots initiative and innovation before locking into a single approach. And while the medical liability system certainly needs reform, it needs real reform and not just caps on damages. The entire system should be removed from the courts and provide for making injured patients whole regardless of their willingness to litigate. These are issues CHCC hopes to work with the Administration and Congress on refining during the balance of the session.

Scandlen added, "There is some real meat and potatoes in these proposals. The president should be congratulated for developing some completely new ideas and breaking new ground. This is the kind of fresh thinking that may be able to break the gridlock around health care reform in Washington."

About Consumers for Health Care Choices

Consumers for Health Care Choices is a new membership-based advocacy organization dedicated to putting the health care consumer back in the driver's seat of the health care system.

Website: <http://www.chcchoices.org>

Consumers for Health Care Choices

Greg Scandlen

Founder

email: greg@chcchoices.org

phone: 301-606-7364