MSAs Are The Solution

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The Patients' Bill of Rights has moved to the back burner on Capitol Hill because of priorities such as closing our wide-open borders and stopping visa approvals to terrorists. The Senate and House have passed different versions of the bill, which have yet to be resolved, but only the House bill (H.R. 2563) contains a provision that offers real hope to reform our health care system.
We don't need more government funding or regulations. We need more choice, more competition, and allowing individuals to own our own health insurance in the same way we own our automobile insurance.

The Medical Savings Account (MSA) provision in the House bill is the approach that can simultaneously address the problems of high costs, increasing numbers of uninsured, and prescription drugs. MSAs will also solve the problems of access, affordability and portability.

The MSA is an individually owned tax-exempt medical savings account used in combination with a high-deductible, catastrophic health insurance policy. The account is used to pay for routine medical care; when expenses exceed the annual deductible, the catastrophic policy kicks in to pay the remaining medical bills.

MSAs can be spent for all medical expenses, including drugs, dental care, and eyeglasses. There are no restrictions on choices of doctors, specialists, hospitals, or tests.

MSAs allow individuals to make their own health care decisions without checking with a gatekeeper, a primary physician, or a bureaucrat. All those fearsome words that came into our vocabulary during the Clinton health plan debate will disappear: gatekeepers, capitation, HMOs, and bureaucrats making medical decisions.

The money left over at the end of each year accumulates in the MSA, drawing interest and building lifetime savings that can be used for later expenses such as long-term care.

Most Republicans who were elected to Congress in the big victory of 1994 pledged to pass MSAs. All they gave us was the pitiful shred of an MSA program that was tucked in the Kennedy-Kassebaum law of 1996 (the Health Insurance Portability and Accountability Act, or HIPAA).

The Kennedyites in the Senate planned for MSAs to fail by encrusting them with all sorts of complicated restrictions on who can qualify, who can contribute, and what are the limits for the contribution and the deductible. These restrictions have no rational basis except to discourage people from using MSAs, which was the real goal of those who hope that public dissatisfaction will promote the adoption of a nationalized health care system.

Each time the liberals made a major attempt to enact a national health care system -- in the 1930s, 1940s, 1960s and 1990s -- the American people rejected the concept of socialized medicine as incompatible with the American way of life. Nevertheless, the liberals plowed ahead with their incrementalist strategy of folding one group after another into a government health plan.

In 1929, only 14 percent of health care expenses were paid by government and 86 percent by private funds. By 1998, 46 percent of health care expenses were paid by government and only 54 percent by private funds.

Government programs always end up costing many times what their sponsors predicted. Payroll taxes to fund Medicare Part A (hospital insurance) have increased 36 times (26 increases in the applicable tax base and 10 increases in the tax rate).

Nevertheless, Medicare is now facing bankruptcy. Government has no remedies except higher taxes, price controls, adding more costly benefits, and even rationing.

The biggest factor in health care costs is the dramatic expansion of third-party payments, and that in turn is aggravated by the government's increasing role in health care. If people don't care (and often don't even know) how much is spent because someone else is paying the bill, there is no incentive to shop around, question costs, or avoid unnecessary tests or treatment.

MSAs solve the problem of third-party payments by MSAs restoring the relationship between buyer and seller (patient and provider) so that patients can check prices and make their own decisions about whether and whom to pay. When people are allowed to keep their money they don't spend on health care, they can be counted on to keep costs down.

Finally, MSAs will end the current discrimination in the U.S. tax code that permits big businesses to deduct all the money they spend for their employees' health insurance (including "gold-plated" policies for top executives), while individual workers are denied that same tax advantage.

Tell your Member of Congress to make sure that the MSA provision passed by the House is included in the final bill, giving patients a real Bill of Rights.