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Can "The Affordable Health Choices Act" Save the American Health Care System?

Will it Leave Taxpayers with "Sticker Shock" and Less Choice?

By **Morgan Phelps**

Millions of Americans live their lives every day without health insurance. In fact the [Department of Health and Human Services](#) estimates that the number of uninsured people in the US to be around 45.7 million. For years the debate over the government's role in solving what some call a crisis has raged on in Washington and on Main Street USA. Earlier this month Massachusetts [Senator Ted Kennedy](#) (D) announced the creation of the "[Affordable Health Choices Act](#)" on his website. However, some critics are asking can we really afford it?

According to [Michael D. Tanner](#) - a senior fellow at the Cato Institute - the cost for this ambitious and sweeping legislation is going to cost the American taxpayers about \$1.5 trillion over the next decade. "There appears to be no way to pay for President Obama's massive intervention into the American health care system without breaking the president's promise not to raise taxes on the middle class," he said. Some of the items sure to cause the most "sticker shock" according to him that are sure to be in the bill are:

Taxing employer provided health insurance. Under current laws an employee's health insurance benefits are not considered to be a part of his salary. In fact, employee can choose to pay their portion of the costs from their pre-tax dollars effectively lowering their taxable income as an incentive to accept insurance. Tanner says that if the exclusion were to be totally and universally repealed it would generate an estimated \$3.5 trillion in revenue over the next decade - more than enough to pay for the Act. That would; however, amount to a massive tax increase on the middle class working people that President Obama and Senator Ted Kennedy say they're trying to help.

Another potential change to healthcare may be to reduce or eliminate the deductibility of healthcare cost on tax returns. If a person's health care cost exceeds 7.5 percent of their income, that individual can use those expenses as a tax deduction. Only about 10 million Americans currently qualify for this deduction according to Tanner. "(But)... by definition, they are those in poor health with high health care expenses". Tanner said. "Nearly 40 percent of them are over the age of 65. Thus, any change to the deductibility of medical expenses would fall heavily on some of the people least able to afford it."

Other means of paying for the massive reform package may also include increased taxes on beer and soda; in addition to the already increased tobacco tax law which took effect on April 1 of this year. Tanner also says that higher corporate taxes could be coming down the line.

In "[The Massachusetts Miracle or Massachusetts Miserable: What The Failure Of The 'Massachusetts Model' Tells Us About Health Care Reform](#)" Tanner says that while the Commonwealth's plan has reduced the number of uninsured it's created many other problems. Some 200,000 citizens of that state remain uninsured. However - according to Tanner - the increase of insured people has more to do with generous taxpayer funded subsidies than with the program itself. Massachusetts' health care costs are growing at nearly double the national average. New legislation and regulation are limiting consumer choice, program costs have skyrocketed, and a shortage of providers as well as increased demand have caused delays with getting in to see a physician.

Some of the bill's requirements also cause Tanner concern which he points out in his article "[Obamacare to Come: Seven Bad Ideas For Health Care Reform](#)." He says it will raise the cost of hiring employees by forcing employers to provide insurance for all workers. It would require all Americans to buy an insurance policy which is "acceptable" to the government's standards even if they're happy with their current providers - thereby eliminating choice. It creates a government-run insurance company designed to compete with the private sector. Doctors will be to only offer treatment based on what the government determines to cost/benefit means. Private insurers will be required to provide insurance to all applicants regardless of prior health conditions, and prohibits "risk assessed" premiums. Subsidies will be provided to assist middle class people with purchasing insurance while Medicare/Medicaid will be expanded. And the government will subsidize the creation of national health database.

Tanner says, "Taken individually, each of these proposals would be a bad idea. Taken collectively, they would dramatically transform the American health care system in a way that would harm taxpayers, health care providers, and — most importantly — the quality and range of care given to patients."

Sources:

1. [Department of Health and Human Services](#) 2. [Senator Ted Kennedy](#) 3. [Affordable Health Choices Act](#) 4. [Michael D. Tanner](#) 5. [The Massachusetts Miracle or Massachusetts Miserable: What The Failure Of The 'Massachusetts Model' Tells Us About Health Care Reform](#) 6. [Obamacare to Come: Seven Bad Ideas For Health Care Reform](#)

Takeaways

- Health care legislation purports to ease the cost of insurance and provide greater choice for all
- Critic says that cost will be at the expense of all taxpayers
- Legislation may actually increase costs and limit choices for Americans

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