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IRS won't hunt the uninsured

As tax official weighs in, some reform foes call penalties weak

By *Diana Marrero of the Journal Sentinel*

Posted: **April 5, 2010** | (30) COMMENTS

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Washington — A centerpiece of the new health care law calls on most Americans to buy health insurance by 2014 or start paying fines collected by the Internal Revenue Service. But IRS Commissioner Doug Shulman said Monday that federal agents won't chase after people who don't pay up.

"These are not the kinds of things we send agents out about," he said. "These are things where you get a letter from us. Congress was very careful to make sure there was nothing too punitive in this bill."

In a speech at the National Press Club, Shulman noted that the new health care measure expressly bans the IRS from seizing assets or pursuing criminal charges against people who don't pay their fines. The agency could, however, garnishee people's future tax refunds as a form of payment, he said.

The new health care fines, which go into full effect in 2016, are attracting quite a bit of attention as states and others challenge the constitutionality of a federal mandate requiring Americans to carry health insurance.

Other detractors, however, criticize the penalties as too weak to be effective. The penalties for not carrying insurance could eventually amount to as much as \$695 or 2.5% of a person's taxable income. That's far less than what annual insurance premiums could add up to.

Some viewed Shulman's comments Monday as further evidence that the fines won't have the effect intended on people who now choose to save money by going without health insurance.

"It sounds like a toothless mandate," said Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank.

Cannon and others also argue that people could end up deciding it would be cheaper to pay the annual fines than pay health insurance premiums. Under the new law, people could always sign up for insurance later when they need it because insurance companies will no longer be able to deny people coverage for pre-existing conditions, they say.

According to a recent news report in the Boston Globe, thousands of consumers in Massachusetts appear to be doing just that. The state is the only one in the nation that requires its citizens to carry insurance, but thousands of people are opting to buy insurance when they need it to cover expensive procedures such as knee surgery, the newspaper reported Sunday.

Supporters of health care reform say that most Americans who are now uninsured go without coverage because they can't afford it, not because they don't want it. And the new law will provide families with government subsidies so they can afford their premiums, they argue.

"People who are uninsured want health insurance," said Judy Feder, a health policy expert at Georgetown University. "I don't think they're going to be looking to avoid it."

The requirement that people have health insurance is one of several controversial provisions in the new law. But the mandate also is considered essential if health insurers are required to cover people with pre-existing health conditions, for two reasons. One is to ensure that people don't "game the system" by waiting until they get sick to buy insurance. The other is to prod healthy people - particularly those who are young - to buy coverage. That, in turn, will help offset the cost of insuring people with health problems.

Critics of the measure, however, question how the IRS will be able to handle enforcement of the new fines at a time when the federal agency is already stretched thin. Under the law, the IRS will be given the task of distributing billions of dollars in government subsidies and collecting billions in fees from employers and drug makers on top of enforcing the individual mandates.

The agency, which operates on a \$12.5 billion annual budget, employs about 100,000 agents and other officials.

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The Congressional Budget Office estimated that the IRS would need between \$5 billion and \$10 billion over the first 10 years of the health care law to cover the costs associated with administering new provisions in the measure. Rep. Paul Ryan (R-Janesville) highlighted the figure at a congressional hearing in March, noting that the money would go "toward bureaucracies to run this new government takeover of health care."

Guy Boulton of the Journal Sentinel staff contributed to this report.

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willfightforfreedom - Apr 06, 2010 12:52 AM

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We should believe him because he works for the government. They are here to help us. He has the same integrity as Tim Geitner and Barack Hussein Obama. They would never lie to us or mislead us.

vino2015 - Apr 06, 2010 1:04 AM

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Come on folks, Obama is adding 15,000 new IRS agents to the government rolls. Their will be a spot on all tax forms which will ask who is your insurance provider. After citizens are forced to buy insurance what will government mandate on us next. Will we have to buy just Chrysler or GM cars. Will we have to choose US Postal over Fedex for shipping concerns. Will we have to purchase the New York Times over the Wall Street Journal. Where does government stop forcing us to buy things we don't want.

Stormbringer - Apr 06, 2010 1:46 AM

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Does anyone else find it threatening that our government feels that it has the right to force us to buy specific goods and services? That should be an anathema to anyone, left or right, who loves a free country.

A single payer system, where the government levies taxes and insures everyone would be entirely constitutional. The government has the power to tax and spend. The mandate in the health care bill, however, is an abomination and should be ruled unconstitutional by the supreme court.

If the court upholds this, it would establish in case law that the government has authority over every dollar you have or earn. It could dictate that you purchase any good or service that it wants you to buy. That isn't freedom, it is economic slavery.

vino2015 - Apr 06, 2010 2:01 AM

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The constitutionality of the Social Security Act was settled in a set of Supreme Court decisions issued in May 1937. FDR(Democrat) told the citizens of the country that SSI would be a pension for all. Unfortunately, the constitution has no legal basis for pensions for all citizens. So when SSI was up in front of the Supreme court FDR's lawyers deamed it as a tax on all citizens not a pension. In 2010, how many of the youth will see this so called pension in the future as the government takes 12% out of your earnings every year. Like this tax on the citizen. Obama will find away to sneak mandates pass the Constitution. He will call it a commerce tax.

KJBtruth - Apr 06, 2010 2:38 AM

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How stupid do they think we are?

They are hiring 16000 new IRS agents for enforcement.

And why doesn't any reporter ever ask a real question anymore.. I cannot see anywhere in this story mention of the IRS agent hires.

I think it's the Journal who thinks we are stupid.... or maybe it's just Ms. Marrero?

Rourke - Apr 06, 2010 3:49 AM

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Yes KJBtruth, liberals think you are stupid. They don't trust you with guns, they don't trust you with your own money, they just assume you can't take care of yourself and your loved ones. It's called psychological projection. Bring it up the next time you're talking with Obama or any other career politician who has never produced, manufactured, sold on straight commission, or made it in this life based on nothing more than the profit of their own industry. And yes, they will hunt you down. I have seen it.

DD© - Apr 06, 2010 5:02 AM

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If anybody believes that Obumbles new IRS Troops will not enforce his new mandatory insurance laws, well, I have some health insurance I'd like to sell you!!

MadIrishman - Apr 06, 2010 5:04 AM

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