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Health bill would widen role of IRS

There are some big disagreements between House and Senate Democrats over reforming health care. One thing they do agree on is that the IRS would ensure Americans buy the required insurance. Brett Neely reports.

TEXT OF STORY

KAI RYSSDAL: President Obama is back in Washington. Members of the House and Senate are trickling back into town after their holiday break. For Democrats, reaching a final deal on health care is New Year's resolution number one. There are some differences between the two chambers.



IRS logo (irs.gov)

But one thing both houses of Congress do appear to agree on is that the Internal Revenue Service apparently needs more work. The health care bill being drafted would make the taxman the one to verify that Americans are indeed buying the health insurance they're going to have to have. Brett Neely has more.

BRETT NEELY: If a health care bill becomes law, Americans will have to prove they have health insurance on their annual tax return.

Those without insurance will have to pay a penalty -- to the IRS.

The IRS's role doesn't come as a surprise to Roberton Williams at the Urban Institute's Tax Policy Center.

ROBERTON WILLIAMS: The IRS is a convenient tool because we all have to file tax returns every year. We're already sending something to the IRS telling them other things about ourselves.

Williams says using the IRS is based on Massachusetts health care overhaul in 2006. Residents there have to prove they're covered when they file their taxes.

But Michael Cannon at the libertarian Cato Institute takes another lesson from Massachusetts. Namely, that people cheat.

MICHAEL CANNON: There is non-compliance with the mandate. There's even evidence that people are concealing their insurance status from the government.

The IRS will do more than just collect penalties from those who don't buy insurance. It will also send out checks to small businesses and low-income Americans who qualify for health insurance subsidies.

In Washington, I'm Brett Neely for Marketplace.

COMMENTS

By Derek B

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From Austin, TX, 01/04/2010

OK, so this whole healthcare insurance problem could be solved if we just stop requiring hospitals and taxpayers to provide a free service to people who can't/won't /don't take responsibility for themselves in life. Work. Make money. Don't have kids until you can AFFORD them, AND their insurance. Following that, don't spend your money on stupid, wasteful junk until you have plenty to spare... and for Pete's sake, buy proper insurance along the way. (heck, we can give everyone federal insurance up to age 25 and unless they're born severely disabled, they're on their own afterwards) Then, if they don't have it, well then they'll pay the price when they get sick, won't they? What a radical idea. It wouldn't be fair to require restaurants to hand out free food to people because they blew off learning about the world, applying themselves and working as if their lives depended on it from day one. No. And we don't make retailers hand out cars, clothes or other goods and services for free either. Our system has slowly become so backwards and our people so brainwashed by Hollywood idealism that they'll tolerate a stalemate of entitlement for anyone who is OK just coasting and mooching off the system. The fact that we have to play nanny to make people wear their own seat belts and buy their OWN insurance is asinine. Keep this up and we'll soon be eclipsed by a stronger smarter culture comprising individuals that each carry their own weight.

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