

[Home](#)[Our Services](#)[Contact Us](#)[Association News](#)[Resources & Links](#)[Editorial](#)[A Bit Of Fun](#)

EDITORIAL

Myths vs. Realities About Health Care Reform, Part 8

by William M. Tilford, FLMI, CLU, FALU

July 1, 2010

We have mentioned previously that there would be attempts to repeal the recently-signed health care bill in Congress as well as battles in statehouses and the courts. One such effort is HR 5444, recently introduced by Representative Ron Paul (R., TX). It's just a few pages rather than 1000+ and reads as follows:



[HR 5444](#)

This doesn't fix everything that is "broken" in the system. One reason for that is that many of the repairs, such as meaningful tort reform, really need to be done at the state level. However, it does tackle some of the biggest issues in the marketplace:

1. It would permit the purchase of insurance across state lines. This is important because the existing system, which essentially prohibits this, contributes to what everyone likes to call "market fragmentation". Risk pools are kept artificially small under the current system (yes, even after the recently-signed legislation), especially in smaller states. Competition is also limited under the existing system. Small risk pools are volatile and the sometimes adverse experience resulting from them has contributed to the rise of premiums over the years. More importantly, increased market competition would put pressure on companies to be more responsive to customers AND on state legislatures to be more realistic about benefit mandates. There is some risk that the industry would end up with more regulation by the FTC and less by the states, but given what already happened in Washington, that concern is rather academic at this point.
2. It helps level the playing field regarding the tax treatment of medical expenses and insurance. Pure libertarian doctrine would suggest that neither corporations nor individuals should have tax breaks in this area, and Representative Paul departs from that doctrine, preferring instead to improve circumstances for individuals rather than dismantling the corporate benefit allowances.
3. It allows for the reimportation of prescription medications, which would go far towards ending America's indirect subsidy of prescriptions purchased by patients in other countries.

The chances that this bill will clear the Congress, much less be signed by the President, are slim, and as we said, it doesn't attempt to fix everything, but it's an interesting discussion item. I encourage the reader to peruse it and then consider the question "what else do we need"? Perhaps this can stimulate thought that will move us in the direction of an eventual proposal that WOULD be a politically acceptable alternative to our current misfortune.

Pages updated December 2010 by Tilford Consulting