

[How to Lower Health Costs without Rationing Care](#)

To make health insurance more accessible, affordable, and portable — without increasing government control, jeopardizing the quality of care, or breaking the bank:

1. *Cut costs by preventing runaway malpractice lawsuits.* Relieve doctors from having to practice costly defensive medicine, by capping noneconomic and punitive damages, while continuing to allow unlimited economic damages to compensate for financial loss. (No increase in government spending. Savings: \$53 billion to the federal government, and billions in additional savings to private citizens.*)

2. *Cut costs by allowing Americans to buy insurance across state lines.* Allow Americans to shop for coverage from coast to coast — whether from lower-mandate states at lower prices, or from higher-mandate (additional-coverage) states at higher prices. Allow plans bought in one state to be transported to another. (No increase in government spending.*)

3. *Cut costs by allowing lower premiums for healthier lifestyles.* Federal regulations ban companies from offering more than a 20 percent discount to those who eat and drink in moderation, exercise, or don't smoke. Such regulations handcuff private cost-cutting efforts and should be eliminated. (No increase in government spending.*)

4. *Increase access to health insurance by ending the unfair tax on the uninsured (and self-insured), giving them a tax-break similar to that which is already available to those with employer-provided insurance.* Provide refundable annual tax-credits of \$2,500 per person or \$5,000 per family — directly to the American people, not to insurers. Leave employer-provided insurance, its tax-exempt status, and the rest of the tax code, intact. (Increase in government spending: approximately \$80 billion (for credits beyond taxes paid). Reduced revenues: approximately \$120 billion (for refunds of taxes paid).*)

□ **5. *Provide further help for those who are uninsured and have expensive preexisting conditions, by increasing federal support for state-run or state-organized high-risk pools.*** Thirty-four states already have pools to help those who can't get affordable coverage because

Small-Bill Proposal for Sensible Health-Care Reform

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of expensive preexisting conditions. We should help all 50 states to establish or organize such pools. (Increase in government spending: \$100 billion.*) (See ** below.)

6. Convert some federal funds into block grants to states, and reallocate the savings resulting from reducing the number of uninsured. Disproportionate Share Hospital (or DSH (“dish”)) payments reimburse hospitals for treating the uninsured in emergency rooms. With fewer uninsured, some of these funds can be allocated more efficiently, helping to fund the above proposals. Start the block grants at 75% of each state’s current federal DSH funding level, reduce them by 5 percent annually until they reach 50% in year-6, and then index them to the consumer price index minus one percentage point. (No increase in government spending. Savings: approximately \$180 billion.*)

7. Implement additional reforms from the House Republican health bill. Adopt regulatory reforms in the small group and non-group markets, standards for electronic administration, an abbreviated approval pathway for follow-on biological products, and HSA reforms). (Increase in government spending: \$0. Savings: \$20 billion.*)

Estimated 10-year totals: \$180 billion in costs, 10 million newly insured, no deficit spending.*