

United States Senate

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SPECIAL COMMITTEE ON AGING

Citizens' Health Care Working Group
7201 Wisconsin Avenue
Suite 575
Bethesda, MD 20814

Dear Members of the Citizens' Health Care Working Group:

Thank you for your invitation to attend the Billings meeting of the Citizens' Health Care Working Group. Unfortunately, I am unable to attend due to prior commitments. Nonetheless, I would like to take this opportunity to give my thoughts on a number of areas of health care reform now working their way through Congress.

First, we need to empower consumers by giving them information which allows them to participate in decisions about their health care. This means patients need to know the true cost of the health services they are receiving. It simply makes no sense that patients do not know how much they are paying for individual medical services. When patients have this information, they become better consumers, and prices drop due to competition.

A prime example of market forces at work in health care is Lasik eye surgery. Most health insurance plans do not cover this procedure, so providers are forced to compete with each other for consumers' out-of-pocket dollars. As a result, prices have dropped significantly since this procedure was introduced precisely because of consumer involvement and price sensitivity.

Second, we must expand Health Savings Accounts (HSA) offered in conjunction with high-deductible health insurance, which provide coverage for a vastly reduced monthly premium and are now utilized by over three million Americans. Many have argued that HSAs are nothing more than a tax shelter for the rich. However, all data available on HSAs show that NOT to be the case, and that a significant percentage of those purchasing HSAs in conjunction with a high-deductible health plan were previously uninsured. While not the final solution to the uninsured, they are certainly an important part of that solution, particularly as costs increase and the number of employers offering health benefits continues to decline.

As such, we must increase the HSA contribution limit to cover all out-of-pocket expenses, not just the deductible, and provide employers with tax incentives to contribute to their employees' HSA plan. Furthermore, we must amend the tax code so that it treats these plans as favorably as the typical employer provided policy. That is why I recently introduced legislation to create tax parity between HSA/high-deductible plans purchased on the individual market and those offered by employers. My bill will allow individuals who purchase high-deductible health plans in conjunction with HSAs to deduct the cost of the premium from their income and payroll

tax. This would provide substantial savings to middle and low income families. For example, a family in the 15% income tax bracket (and 15.3% payroll tax bracket) would receive a tax subsidy of over \$1,500 towards the purchase of a \$5,000 family insurance HSA-qualified policy.

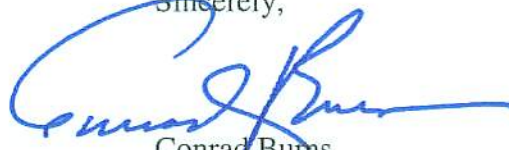
Third, it is necessary that we create a regulatory environment which allows small businesses to offer high-quality affordable health benefits to their employees. Because of increasing costs, many small employers simply do not have the resources to offer their employees health insurance because they do not have the bargaining power of larger employers. However, I have cosponsored legislation that would give small business owners the power to band together across state lines through their associations and negotiate for the benefits they want, at prices they can afford. If enacted, this bill would reduce the cost of health insurance for small employers by 12 percent – or \$1,000 per employee.

Fourth, we need to enact meaningful medical malpractice reform. Frivolous lawsuits and excessive jury awards are driving up the costs of health care and causing many physicians to leave their practices. Many physicians, most notably obstetricians, can simply no longer afford to practice because of skyrocketing malpractice insurance premiums. This is wrong. While, patients who have suffered egregious harm due to physician negligence deserve to be compensated, that compensation needs to fit the harm and must not come at the cost of affordable health care. Therefore, we must cap the amount of non-economic damages awarded. Our justice system should serve patients who have suffered medical harm, not enrich trial attorneys and drive good doctors out of business.

Finally, I would like to comment on the calls made by some to shift our health care system to a single-payer government run program. We need look no further than Canada to see that this is simply not the answer. Canadians seeking treatment for non-emergency care often must wait months for procedures. For instance, the *New York Times* recently reported that the median wait time between a referral by a family physician and an appointment with a doctor in Canada had increased to 8.3 weeks. Moreover, the median wait time to receive treatment after the initial appointment with the specialist had increased to 9.4 weeks. Given that the United States' population is nearly 10 times that of Canada, I cannot imagine how long the average American would have to wait for care under a similar system. Our system needs to be reformed in a way that raises the level of care everyone receives, not lowers the care of many in the name of equality. Clearly, the Canadian model is not the answer for America.

Again, thank you for allowing me the opportunity to address these issues. Moreover, thank you all for taking the time to attend this event. It is through the input we receive from each of you that we in Congress can more effectively bring needed reform to America's health care system.

Sincerely,



Conrad Burns
United State Senator