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Wall Street Crisis Could Produce Health Care Reforms

By Gregory Schneider

The recent news from Wall Street concerning the government's plan to bail out financial markets and stick taxpayers with the bill has made it difficult, if not impossible, for the advocates of universal health coverage to fulfill their goals. Democratic presidential candidate Barack Obama recently said that some of his plans for spending would have to be curtailed if, as expected, the bailout of Wall Street passes Congress. The money just won't be there.

For those Americans without health insurance who were counting on at the least some discussion of the issue during the campaign and some action for universal health insurance should Obama win in November, the deflation in the credit bubble was too deeply and personally felt. With the government assuming such a vast quantity of private market debt, it appears unlikely that health care reform funded by government will be possible.

But not all hope is lost for a different type of health care reform. The Wall Street/government fiasco should convince many Americans that it is high time to get the financial ship in order, not only in New York and Washington, but in their own households as well. Last year the media reported that for the first time since the Great Depression Americans had a negative savings rate. It is high time we reverse course.

Health care reform which is not predicated on expanding government's role, but rather promoting individual responsibility is best. The creation of a true market for health insurance and consumer health care, would point the best way towards both lowering the number of uninsured in the country as well as the costs of health care.

One way to do this is to change the tax structure which favors the employer-sponsored insurance the majority of Americans still receive. Employers receive the tax benefit for purchasing insurance for their employees. Many Americans who find themselves uninsured or without employer sponsored insurance could find themselves with insurance if they were to receive the tax benefit accorded employers.

Senator John McCain, the Republican candidate for president, has offered a plan whereby a tax credit of \$2500 for an individual and \$5000 for a family is given which would allow people to purchase private health insurance. McCain has also suggested allowing the purchase of health insurance across state lines so that individuals in high cost states could purchase cheaper insurance products offered in other states. This would not undercut the regulations in each state—the insurance commissioner of a state like Kansas would still be responsible for the soundness of the insurance product. But it would allow for a more competitive marketplace which should lower costs.

Second, encouraging the use of health savings accounts (HSAs) by employers or through the individual marketplace would provide greater individual control over health care costs and allow Americans to build up savings which would be used towards future health care expenses.

There are other ways to reduce health care costs and to increase the number of insured without creating a universal health care system. Wall Street's recent crisis and the response by government need not end reforms of a vital sector of our economy. Rather it should point the way to the prudent and measured reforms which will revitalize the health care sector while government spending is focused on other priorities.

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