

AMENDMENT TO H.R. 3962**OFFERED BY MRS. BACHMANN OF MINNESOTA**

Add at the end of part 1 of subtitle B of title V of division A the following (and conform the table of contents of such division accordingly):

1 SEC. 555. HEALTH CARE FREEDOM OF CHOICE.

2 (a) FINDINGS.—The Congress finds the following:

3 (1) Current law confers a tax benefit for health
4 insurance provided as an employee fringe benefit,
5 but no similar tax benefit for health insurance pur-
6 chased by individuals. Similarly, current law confers
7 a tax benefit on third-party payment of medical ex-
8 penses, but no similar tax benefit for most individ-
9 uals' direct payment of medical expenses. This has
10 effectively promoted employer-provided third party
11 payment systems and effectively discouraged direct
12 doctor-patient relationships.

13 (2) The current tax treatment of medical ex-
14 penses has significantly curtailed competition for
15 both health insurance and health care services gen-
16 erally. This has effectively increased the cost of
17 health care and health insurance, which in turn has
18 exposed people to greater health risks and made it

1 more likely that individuals will go without needed
2 care.

3 (3) The current tax treatment of medical ex-
4 penses has restricted the freedom of individuals to
5 exercise direct control over their health care dollars.
6 The exclusion from gross income for employer-pro-
7 vided health care plans with no corresponding tax
8 benefit for health insurance and health care obtained
9 by individuals (except the self-employed) constitutes
10 a strong preferment for health care provided
11 through employers' group plans as compared to
12 health care that individuals purchase for themselves.
13 This is why 90 percent of Americans under age 65
14 with private health insurance receive it through their
15 employer.

16 (4) Providing a tax benefit for employer-pro-
17 vided plans, but not for individually-purchased
18 health care, discriminates against individuals who
19 work for companies that do not provide health bene-
20 fits, individuals who are temporarily employed, and
21 the disabled.

22 (5) In many cases, employers are not able to
23 offer their employees a variety of health insurance
24 plans. The Tax Code's provision of benefits for
25 mostly employer-provided health insurance has dis-

1 criminated against individuals who work for these
2 employers, especially small businesses. This is why
3 90 percent of American businesses that provide
4 health insurance offer employees the "choice" of
5 only one health care plan. Americans who work for
6 businesses with fewer than 25 employees are half as
7 likely to have health coverage as those working for
8 companies with 1,000 or more employees.

9 (6) The Tax Code's preferment of employer-
10 provided group plans has triggered a marketplace
11 response reflected in the significant increases in
12 large group health care delivery, and the creation of
13 a few health care conglomerates in lieu of thousands
14 of competitive providers of medical services and
15 health insurance. This has increasingly placed med-
16 ical decisions in the hands of health care bureauc-
17 racies, and significantly eroded the doctor-patient re-
18 lationship. Medical decisions should be returned to
19 doctors and their patients. This will result in higher
20 quality treatment and more patient protection.

21 (7) Consumers should have the freedom to pur-
22 chase the health insurance of their choice, to choose
23 their own doctors, and to make their own decisions
24 about their health care.

1 (8) By putting the medical choices made by in-
2 dividuals on an equal footing with the medical
3 choices made for them by their employers and third
4 parties, the Tax Code can encourage greater choice
5 and competition, thereby reducing the cost of nec-
6 essary insurance for all Americans. This will enable
7 millions more Americans to obtain needed health
8 coverage, to make their own choices about which
9 doctors to see, and to have access to the quality care
10 they deserve and expect.

11 (b) TAX DEDUCTIBILITY OF MEDICAL EXPENSES
12 FOR INDIVIDUALS.—

13 (1) IN GENERAL.—Section 213(a) of the Inter-
14 nal Revenue Code of 1986 (relating to the treatment
15 of medical and dental expenses) is amended to read
16 as follows:

17 “(a) ALLOWANCE OF DEDUCTION.—There shall be
18 allowed as a deduction the expenses paid during the tax-
19 able year, not compensated for by insurance or otherwise,
20 for medical care of the taxpayer, the taxpayer’s spouse,
21 or a dependent (as defined in section 152, determined
22 without regard to subsections (b)(1), (b)(2), and (d)(1)(B)
23 thereof).”

24 (2) EFFECTIVE DATE.—The amendment made
25 by paragraph (1) shall apply to taxable years begin-

1 ning after the calendar year which includes the date
2 of the enactment of this Act.

