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## Health care accounts?

**Yes**

By **JOHN C. GOODMAN**

Central to President Bush's bold and sweeping blueprint for health policy reform is the expansion and enhancement of Health Savings Accounts (HSAs). These tax-free investments - which allow consumers to set aside money in special accounts to pay for medical expenses not covered by high-deductible health insurance policies - are a very good thing.

The idea behind HSAs is quite simple. Individuals should be able to manage some of their own health care dollars through accounts they own and control. They should be able to use these funds to pay the cost of out-of-network doctors and diagnostic tests and other expenses not paid by insurance. They should be able to profit from being wise consumers of medical care by having these

accounts grow tax-free and eventually become available for nonmedical purchases.

In general, people will not spend a dollar on health care, unless they get a dollar's worth of benefit - when the money they spend is their own. Patients will respond to the financial incentives created by HSAs in different ways. Some will seek information about diseases, treatments and health care providers over the Internet. Others may bypass brand-name drugs for less expensive generic ones, therapeutic substitutes and over-the-counter drugs.

Studies show that with a modest amount of training, some patients can manage their own health care - and achieve results at least as good and at lower cost than traditional care. For instance, when asthmatics

with HSAs monitor their condition and avoid trips to the emergency room, their behavior would not only benefit their health, it would also benefit their pocketbooks. Diabetics who monitor their blood glucose levels and avoid costly complications would realize financial benefits as well as health benefits.

HSAs will empower patients and turn them into true consumers of care. They will also strengthen the doctor-patient relationship, allowing doctors to become agents of their patients rather than agents of employers and insurance companies.

Goodman, president of the National Center for Policy Analysis, is known as the "father of Health Savings Accounts."

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# No

By JASON FURMAN

Our nation is suffering from two chronic health challenges: spiraling insurance premiums and 46 million Americans with no coverage at all. Just since 2000, premiums have skyrocketed by 73% and 6 million more people have become uninsured. The President's Health Savings Account "solution" would likely make these problems even worse.

The President wants to expand tax breaks for individual HSAs, tax-free accounts that people with high-deductible insurance policies can use to pay medical expenses. The theory is simple: families will ration their health care and find lower-cost options if they, not insurance companies, are paying the bills. But buying health care isn't like buying a coffee maker. It involves complex choices about important - and sometimes

urgent - medical matters. Most people simply don't have enough information to evaluate different doctors and treatments.

The President's plan threatens the way most Americans get insurance: through their employers. He would eliminate the tax advantages that support the employer-based system, and studies indicate many employers would stop providing coverage. Millions of workers would have to buy insurance on the individual market, which has high prices and few options for the chronically ill. Those who couldn't find affordable coverage would end up without it. The number of uninsured Americans could even go up.

This plan is unfair. Proposed tax breaks would be worth 10 to 20 times as much to affluent

families - those who least need help - as to moderate-income families. And the President hasn't said how he'll pay the \$156 billion price tag for this proposal, which could eventually lead to higher taxes or cuts in programs like Medicare and Medicaid.

As we reform our health-care system, we need to find ways to make people more responsive to the cost and quality of the care they receive. And insurance bills and benefits need to be based more on medical evidence. But the system's problems shouldn't be used as a pretext for more tax breaks skewed toward affluent households. Our goal instead should be to ensure affordable quality health care for all Americans.

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