

NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE

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Contact:

(202)224-5358

HEALTH INSURANCE REFORM

**DOLE-ROTH AMENDMENT MAKES HEALTH INSURANCE AFFORDABLE &
AVAILABLE FOR MORE INCREASES DEDUCTIBILITY FOR
PROVIDES TAX RELIEF FOR LONG-TERM CARE
& MAKES MEDICAL SAVINGS ACCOUNTS AVAILABLE TO ALL**

Health insurance reform is, by no means, a newly debated issue in this chamber. In fact, it predates many individuals in this town. The concern about the availability and affordability of health insurance goes back as early as the Nixon administration when President Nixon declared that the American health care system was in need of repair, particularly when it came to affordability.

That was 25 years ago. Since then, there have been dozens of health care bills debated in this chamber -- the Bentsen bill, the Dole-Packwood bill, and others, all of which were drafted with the sole purpose of making health care more available and more affordable.

To this date, none has been signed into law.

We now have before us a bi-partisan bill that contains the kinds of common sense insurance reforms that this Senator and many of my Republican colleagues have long advocated. I commend my colleague from Kansas, Senator Kassebaum, for her hard work and determination to craft a health insurance reform bill that could be supported by the vast majority -- if not all members -- on both sides of the aisle.

I have to say that I feel a great sense of relief -- as I am sure many Americans will feel -- that common sense has finally prevailed.

Reforms Make Health Insurance Available & Affordable

For nearly a decade now Republicans have been trying to pass an incremental health insurance bill that would solve many of the problems with the availability and affordability of insurance.

During the Bush administration, however, the Democrat-controlled Congress refused to give President Bush's proposal the time of day.

And then came the Clinton administration, and President Clinton's insistence that turning the American health care system over to the federal government was the only solution. It was a solution chock full of mandates, government intrusion, and untold costs. And the American public took one good look at it and said, "No thanks."

From almost the very first day of the Clinton administration through the entire long national debate over the President's plan, I said the same thing day after day after day. And what I said was this: fix what needs fixing, make changes in the insurance market so that more Americans are able to obtain and afford health care, and leave the many very good parts of American health care alone.

Here we are, however, two years later, and still talking about insurance reforms that are still badly in need. And the tragedy of that is that there are millions of Americans who could have been helped these past two years, had President Clinton not insisted on his plan or nothing.

Eliminating "Job Lock" Through Insurance Portability

Our first priority is to start with portability. This will assure that no American is denied coverage because he or she changes or loses a job. I am committed to passing that change because it will help millions of job-locked Americans with pre-existing medical conditions and their families.

As I have said, eliminating "job lock" should have passed at least two years ago. Regrettably it didn't.

Before we get much further into this debate, I want to underscore at the outset that it is very important that we pass a bill, once and for all, that can be signed into law. There is no
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hidden agenda no surprises - no smoke and mirrors. This is serious work that we have promised to the American public for a very long time.

Dole-Roth Amendment: Tax Provisions to Enhance Insurance Reforms

Senator Roth and I will offer an amendment with a number of tax provisions that will enhance the insurance reforms in this bill. Again, I want to underscore, this amendment is not meant to defeat this bill or diminish its chances of being signed by the President. To the contrary, my amendment will strengthen this bill and help more people obtain affordable health insurance -- all without the overdose of government control the American people already rejected.

My amendment will include an increase in the deduction of health insurance premiums paid by the self-employed and provides deductions for long-term care expenses so that families have real incentives to plan for their later years. It also provides for tax-exempt high risk pools, and allows for tax-free accelerated death benefits. In addition, this amendment makes medical savings accounts available to all Americans.

For many years self-employed individuals have been uncertain as to whether they could deduct their health insurance premiums. And the Democrat-controlled Congress refused to make the deduction permanent to ensure that it would apply year after year.

Last year, one of the first things Republicans did when we took control of the House and Senate was to make this deduction permanent, and to increase it to 30%.

But we said then and we say now that 30% is not enough. The amendment I now offer would raise the deduction for the self-employed to 80% by phasing in increases over the next 10 years.

This will provide equity and much needed tax relief to farmers, small businessmen and women, and other self-employed Americans.

My attempts to raise the deduction for the self-employed are not new. An amendment I offered last year passed the Senate with strong bi-partisan support, but that didn't stop the President from vetoing it, just as he vetoed our \$500 per child tax credit.

My amendment will also provide important tax relief regarding long-term care expenses. The Internal Revenue Service has not seen the wisdom to allow taxpayers a deduction for long-term care expenses or premiums paid on long-term care policies.

So this amendment is needed to force the IRS to recognize that expenses to care for those unable to care for themselves are legitimate medical expenses that should be deductible.

It is in the best interest of the country to provide appropriate incentives for families to give proper long-term for family members or to plan for future expenses, such as by purchasing long-term care insurance. Families want to care for their own and the IRS should not stand in the way.

This provision is particularly important for Americans who are likely to face these expenses in the near future for their parents and grandparents. Expenses to provide long-term care of a disabled or elderly relative could bankrupt a family. We cannot and will not let that happen. And neither should my Democratic friends, although they have voted against this relief in the past and the President has already vetoed this tax relief once before.

Medical Savings Accounts: Choice & Flexibility

I have also included medical savings accounts in this amendment. You may have heard a lot about MSAs already. But let me tell you about them. First of all, medical savings accounts are not a new concept and have enjoyed bipartisan support for many years. Today, they are being used in 13 states. My view is that medical savings accounts are another choice for Americans. They may not be right for everyone. They may appeal to many others. Choice, after all, is one of the greatest virtues of American health care.

MSAs provide individuals with both choice and flexibility. If an individual chooses to accept an MSA, the individual can tailor his or her own health care to his or her own needs. Individuals would have their own personal savings accounts dedicated to health care spending -- similar to the way they have IRAs for their retirement savings.

Under the MSA proposal in this amendment, individuals could purchase a high-deductible plan and then use the money they accumulated in their savings account, up to the deductible limit, for health care expenses. They could deduct the amount they contribute to the MSA and the savings would accumulate tax-free.

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Who could argue against providing additional options and flexibility? The answer is the same people who thought that the best way to reform the health care system was to hand it over to the federal government -- to impose more mandates and government controls. The American people are thankful that the Democrat efforts to turn the health care system over to the government failed, and they hope that Democrats will fail in their effort to block this amendment.

Let's remember that the Joint Tax Committee recently analyzed this MSA proposal and concluded that 88 percent of the MSA tax benefits would go to those making under \$100,000 a year, with 78% of the benefits going to those making under \$75,000 a year.

Non-Controversial, Long-Needed Change

This Congress has worked very hard to keep the promises we made to the American people when they gave us a majority. This bill represents relatively non-controversial needed change -- change we have promised for a long time. We owe it to the millions of Americans who need our help to do today what we should have done several years ago.

Passage of this bill will not only improve our health care system, it could very well restore the faith of the American public that the work of the Congress is not just a series of political stalemates. Even in an election year, we can work on a bipartisan basis to pass legislation that will improve the lives of so many Americans.

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* Remarks delivered on the Senate floor, approximately 2:20 p.m.