

# Market Forces Are Better Than Regulation

## Tax Credits and Incentives Can Help Achieve the Goal of Health Insurance for All

Calling for a “market-oriented system with a human face,” **Jack Kemp** proposed that market forces, combined with full deductibility of health insurance premiums or, for low-income families, tax credits, will drive health insurance costs down and provide a way for the currently 44 million uninsured men, women, and children in the United States to buy into the healthcare system. Kemp, currently the codirector of Empower America, is a former congressman and a former secretary of Housing and Urban Development, and was a vice-presidential candidate in 1996.

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Jack Kemp

“We made a mistake” in the World War II period, Kemp said, when the government allowed employers to deduct from taxes the cost of health insurance for employees and the general expectation arose that business, subsidized by the government, would pay for health insurance. This has led to a “massive distortion” of the system, said Kemp, and disempowered both people and providers.

State governments’ attempts to solve the situation through regulations and requirements for minimum benefits have backfired, he continued, pointing out that in states that adopted such legislation the number of uninsured has actually increased. “Consumers need choice,” Kemp added, and should be able to purchase basic catastrophic coverage as well as top-of-the-line policies.

Kemp said there are “two simple things” Congress can do. One is to make the cost of health insurance premiums fully deductible to everyone, not just employers. If individuals purchase their own policies, increased competition among insurers would drive costs down. And if individuals own their own

insurance, that would solve the portability problem when they change jobs.

Kemp’s other proposed change is a tax credit of up to \$2,000 for low-income families’ health insurance costs. He cited the need for jobs for all, so that income would generate the ability to purchase health insurance, as well as education and housing.

“It is not possible for this country to go into the 21st century and leave 44 million behind without the justice of access to healthcare,” Kemp said. He pledged to work to influence the healthcare debate and urge others to sign CHA’s petition, which encourages presidential hopefuls to sign CHA’s pledge to make healthcare reform a priority (see story p. 10). Kemp, who has himself signed the petition, promised, “I won’t support a candidate who won’t take CHA’s pledge.” He also hopes to put CHA’s pledge in the Republican platform. “I won’t support a candidate who doesn’t believe we have to pursue justice for all races and ethnic groups.”



**Petition for Reform** Two prominent national figures—Jack Kemp (pictured above with Rev. Michael D. Place, STD) and Coretta Scott King—have thrown their support behind CHA’s healthcare reform agenda. At the assembly, both signed CHA’s *Be Heard* petition, urging presidential candidates to sign a pledge to make healthcare reform a priority. For more information on CHA’s healthcare reform agenda, see p. 10.