

108TH CONGRESS
1ST SESSION

H. R. 1117

To improve health care choice by providing for the tax deductibility of medical expenses by individuals.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2003

Mr. COX introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To improve health care choice by providing for the tax deductibility of medical expenses by individuals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Care Freedom
5 of Choice Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Current law confers a tax benefit for health
9 insurance provided as an employee fringe benefit,
10 but no similar tax benefit for health insurance pur-

1 chased by individuals. Similarly, current law confers
2 a tax benefit on third-party payment of medical ex-
3 penses, but no similar tax benefit for most individ-
4 uals' direct payment of medical expenses. This has
5 effectively promoted employer-provided third party
6 payment systems and effectively discouraged direct
7 doctor-patient relationships.

8 (2) The current tax treatment of medical ex-
9 penses has significantly curtailed competition for
10 both health insurance and health care services gen-
11 erally. This has effectively increased the cost of
12 health care and health insurance, which in turn has
13 exposed people to greater health risks and made it
14 more likely that individuals will go without needed
15 care.

16 (3) The current tax treatment of medical ex-
17 penses has restricted the freedom of individuals to
18 exercise direct control over their health care dollars.
19 The exclusion from gross income for employer-pro-
20 vided health care plans with no corresponding tax
21 benefit for health insurance and health care obtained
22 by individuals (except the self-employed) constitutes
23 a strong preferment for health care provided
24 through employers' group plans as compared to
25 health care that individuals purchase for themselves.

1 (4) Providing a tax benefit for employer-pro-
2 vided plans, but not for individually-purchased
3 health care, discriminates against individuals who
4 work for companies that do not provide health bene-
5 fits, individuals who are temporarily employed, and
6 the disabled.

7 (5) In many cases, employers are not able to
8 offer their employees a variety of health insurance
9 plans. The Tax Code's provision of benefits for
10 mostly employer-provided health insurance has dis-
11 criminated against individuals who work for these
12 employers.

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

1 (7) Consumers should have the freedom to pur-
2 chase the health insurance of their choice, to choose
3 their own doctors, and to make their own decisions
4 about their health care.

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

15 **SEC. 3. TAX DEDUCTIBILITY OF MEDICAL EXPENSES FOR**
16 **INDIVIDUALS.**

17 (a) IN GENERAL.—Section 213(a) of the Internal
18 Revenue Code of 1986 (relating to the treatment of med-
19 ical and dental expenses) is amended to read as follows:

20 “(a) ALLOWANCE OF DEDUCTION.—There shall be
21 allowed as a deduction the expenses paid during the tax-
22 able year, not compensated for by insurance or otherwise,
23 for medical care of the taxpayer, the taxpayer’s spouse,
24 or a dependent (as defined in section 152).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 the calendar year which includes the date of the enactment
4 of this Act.

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