

110TH CONGRESS
1ST SESSION

H. R. 636

To amend the Internal Revenue Code of 1986 to improve health care choice by providing for the tax deductibility of medical expenses by individuals.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2007

Mrs. BACHMANN (for herself, Mr. AKIN, Mr. BARTLETT of Maryland, Mrs. BLACKBURN, Mr. BOUSTANY, Mr. BURGESS, Mr. BURTON of Indiana, Mr. CARTER, Mr. CONAWAY, Mrs. CUBIN, Mrs. JO ANN DAVIS of Virginia, Mr. FEENEY, Mr. FRANKS of Arizona, Mr. GINGREY, Mr. GILLMOR, Mr. GOHMERT, Mr. GRAVES, Mr. HALL of Texas, Mr. WALBERG, Mr. JONES of North Carolina, Mr. KING of Iowa, Mr. McCOTTER, Mr. MILLER of Florida, Mr. PAUL, Mr. PENCE, Mr. PETERSON of Pennsylvania, Mr. RADANOVICH, Mr. ROHRABACHER, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SIMPSON, Mr. TERRY, Mr. WELLER of Illinois, Mr. YOUNG of Alaska, Mr. ROGERS of Alabama, Mr. PLATTS, Mr. FLAKE, and Mr. WELDON of Florida) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 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”.

1 **SEC. 2. FINDINGS.**

2 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
19 more likely that individuals will go without needed
20 care.

21 (3) The current tax treatment of medical ex-
22 penses has restricted the freedom of individuals to
23 exercise direct control over their health care dollars.
24 The exclusion from gross income for employer-pro-
25 vided health care plans with no corresponding tax
26 benefit for health insurance and health care obtained

1 by individuals (except the self-employed) constitutes
2 a strong preferment for health care provided
3 through employers' group plans as compared to
4 health care that individuals purchase for themselves.
5 This is why 90 percent of Americans under age 65
6 with private health insurance receive it through their
7 employer.

8 (4) Providing a tax benefit for employer-pro-
9 vided plans, but not for individually-purchased
10 health care, discriminates against individuals who
11 work for companies that do not provide health bene-
12 fits, individuals who are temporarily employed, and
13 the disabled.

14 (5) In many cases, employers are not able to
15 offer their employees a variety of health insurance
16 plans. The Tax Code's provision of benefits for
17 mostly employer-provided health insurance has dis-
18 criminated against individuals who work for these
19 employers, especially small businesses. This is why
20 90 percent of American businesses that provide
21 health insurance offer employees the "choice" of
22 only one health care plan. Americans who work for
23 businesses with fewer than 25 employees are half as
24 likely to have health coverage as those working for
25 companies with 1,000 or more employees.

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

13 (7) Consumers should have the freedom to pur-
14 chase the health insurance of their choice, to choose
15 their own doctors, and to make their own decisions
16 about their health care.

17 (8) By putting the medical choices made by in-
18 dividuals on an equal footing with the medical
19 choices made for them by their employers and third
20 parties, the Tax Code can encourage greater choice
21 and competition, thereby reducing the cost of nec-
22 essary insurance for all Americans. This will enable
23 millions more Americans to obtain needed health
24 coverage, to make their own choices about which

1 doctors to see, and to have access to the quality care
2 they deserve and expect.

3 **SEC. 3. TAX DEDUCTIBILITY OF MEDICAL EXPENSES FOR**
4 **INDIVIDUALS.**

5 (a) IN GENERAL.—Section 213(a) of the Internal
6 Revenue Code of 1986 (relating to the treatment of med-
7 ical and dental expenses) is amended to read as follows:
8 “(a) ALLOWANCE OF DEDUCTION.—There shall be
9 allowed as a deduction the expenses paid during the tax-
10 able year, not compensated for by insurance or otherwise,
11 for medical care of the taxpayer, the taxpayer’s spouse,
12 or a dependent (as defined in section 152, determined
13 without regard to subsections (b)(1), (b)(2), and (d)(1)(B)
14 thereof).”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to taxable years beginning after
17 the calendar year which includes the date of the enactment
18 of this Act.

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