

**INDEPENDENT IDEAS**

# Health care: Unions lie; choice dies

By BRIAN SCHWARTZ  
Independence Institute

**W**ho would support a self-serving political agenda at the expense of your health, wealth, and job mobility? AFL-CIO president John Sweeney and Colorado executive director Mike Cerbo.

In a recent *Denver Post* commentary, they perpetuate the big lie behind politician-controlled medicine: "that the free market is not working,"

and that consequently, "costs have been spiraling out of control."

But costs have been increasing largely because of what unions defend: a tax code that favors employer-sponsored insurance. It penalizes buying an individual or group policy through a membership organization like AAA.

In a free market, government respects your right to buy and sell according to your own judgment. Not so with medical insurance in America. If your company buys you a \$10,000 policy, it pays no tax on those dollars. But you'd face a stiff tax penalty for buying your own policy with that money. Rather than using your own judgment of what's best for you and your family, politicians punish you for not choosing employer-sponsored insurance.

Because politicians favor employer-sponsored insurance, you have companies who are not invested in pleasing you, fewer choices of plans and jobs, lower pay, and escalating medical and insurance costs.

Employer-sponsored insurance coddles insurance companies. They need not compete for our business as they would in a truly free market. You aren't their customer, your employer is. So why should they please you?

Insurers know you're essentially stuck with the one or two plans most employers offer. To buy a competitor's product you must change jobs or pay a stiff tax penalty. Economists call this "job lock." *Business Week* reports that "fear of losing coverage keeps people at jobs ... many workers will keep hanging on to jobs they hate."

"Single-payer" government-controlled insurance is not the answer. If you don't like the govern-

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ment's insurance plans, changing jobs is not enough. You must move to another state or country!

Employer-sponsored insurance also contributes to high medical costs. Tax-discounted insurance encour-

ages us to buy more costly coverage than we probably need, hence penalizing savings for future medical expenses.

We consume medical care like a business traveler dining on the company's expense account: Since someone else pays the bill (insurance companies), patients need not shop around, so providers don't compete on price.

"Yeah," you say, "but my company is paying for it," so isn't it better than buying it myself?" No. As a Cato Institute study summarizes: "an employer that does not offer health benefits must offer higher cash wages to compete for workers. Workers who choose the job with health coverage bear the cost of that benefit in the form of higher cash wages forgone."

But the AFL-CIO defends subsidizing employer-sponsored insurance. A union-backed Colorado ballot initiative pushes further. The "employer mandate" would empower government to punish companies for not offering insurance to their employees.

Given its harmful consequences, why do unions support employer-sponsored insurance? Shouldn't they also support buying, say, our auto insurance and cell phone plan through our employers? Imagine how much negotiating power unions would have then!

Labor unions of course back politicians who support employer-sponsored insurance and politically-controlled health care. Sweeney and Cerbo write that Obama is correct to be "skeptical of the idea that the market is the right entity to put in charge."

But what is "the market"? It's when you choose what's best for you and peacefully trade with others doing them same. Both parties

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win. For union bosses, politicians are the "right entity to put in charge" of your medical choices — not you.

But you should be in charge. Politicians should not dictate whether you buy insurance on your own, through a membership group, or through your employer. Legislators should eliminate the tax break and lower tax rates commensurately.

Second-best would be to extend the tax break to all medical insurance and expenses. Health Savings

Accounts are a step in this direction, but they should be eligible to everyone regardless of their insurance plan. Such "Large HSAs" would allow consumers to buy medical care and insurance with tax-free earnings. McCain's tax-credit proposal, though convoluted, is also on the right track.

Unions should be ashamed of promoting self-serving policies that make medical care and insurance so expensive.

—The author blogs at the Independence Institute's PatientPowerNow.org

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