



The Missouri Plan: A Free Market Approach to Health Care

by John R. Hendrickson

“While the constitution continues to be read, and its principles known, the states must, by every rational man, be considered as essential component parts of the union; and therefore the idea of sacrificing the former to the latter is totally inadmissible.”¹

Alexander Hamilton, 1788

In early June, Missouri became “the first state to permit small business owners to contribute pretax dollars to their employees’ individually selected policies.”² The legislation (HB 818) allows the employee to “become the consumer and the purchaser of insurance, selecting a personal plan from a marketplace of carriers and plan designs. Employers...merely contribute to their employees’ premiums.”³ Allowing employees of small businesses to purchase Health Savings Accounts (HSA) and choose from a variety of plans matched with employer contributions will bring more coverage to uninsured Americans. The legislation also continues the policy of small group plans, which employers may offer.⁴ In addition, individuals are free to select those health plans that best fit their individual or family needs. More consumerism in health care will open the system more, increase competition, reduce costs, and significantly reduce the number of those uninsured.

Under the Missouri plan, in addition to allowing individuals to purchase HSAs, both individuals in the state risk pool and state government employees are eligible to participate in HSA plans.⁵ The plan is also family friendly. Often families have numerous insurance carriers and plans, but under the legislation, spouses can have one policy to cover the family, and the employer or employers can contribute.⁶ For families, “rates are often lower, because most carriers give a discount if the family is on one policy; there are fewer benefit rules and health cards to keep straight; and doctors can be chosen from one network.”⁷

Sen. Tom Coburn (R-OK), in an address before The Heritage Foundation, stated the policy choices and directions Americans have before them in health care. “In terms of the choices that are in front of us politically in today’s environment, we are either going to have a government-run health-care system or we are going to have a private, vigorous, healthy, consumer-oriented system where we actually allow market forces to allocate these scarce resources. We cannot afford what we are doing today,” said Coburn.⁸

Health Savings Accounts are becoming an increasingly popular choice among health-care consumers. HSAs are also reducing the number of Americans who are uninsured without

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creating more bureaucracy and taxes, which would be a direct result under a single-payer system. The plans are also remarkably cheaper. “For example, a 25-year-old healthy, nonsmoking male could have an individual policy with a premium as low as \$65, which includes a free annual physical. This is about the cost of an average monthly cell phone bill.”⁹

In predicting the future direction of health-care reform, Sen. Coburn stated: “My belief is that if the American people are given a choice, they will choose a market-oriented program. It fits with our culture, and it fits with our society. It’s based on freedom; it’s based on choice; it’s based on decision-making; and it’s based on accepting the consequences for the decisions you make.”¹⁰

As Iowa state officials meet to discuss health-care proposals, they should seriously consider the Missouri free-market health-care plan that addresses small business employers and their employees, who make up a significant number of those uninsured. It allows people freedom to choose, which will allow consumers to take charge of the healthcare system, and will create competition within the industry. The Missouri plan is a common-sense approach to ending the health-care crisis facing our states.

Article I, Section 8 of the Constitution lists the enumerated powers of Congress. The Tenth Amendment of the Constitution reads: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.”¹¹ In the federalist framework our Founders created, individual states held sovereignty over a large majority of domestic policy concerns. States were the “laboratories” of democracy within our Republic. The Founders understood the dangers of centralization, even with the best of intentions. States have proven that they can govern effectively — one major example being welfare reform in the mid-1990s. Just as with welfare, the policy of health care should be handled at the state level. Missouri has recently demonstrated this with their free-market approach to health-care reform.

(Endnotes)

¹Matthew Spalding (ed), *The Founders’ Almanac: A Practical Guide to the Notable Events, Greatest Leaders & Most Eloquent Words of the American Founding*, The Heritage Foundation, Washington, D.C., 2002, p. 154.

²Beverly Gossage, “Free-Market Health Care Reform in Missouri: A Primer,” Show-Me Institute, June 3, 2007.

³Beverly Gossage, “Missouri Leads the Way to Free-Market Health Care Reform,” Show-Me Institute, June 1, 2007.

⁴Gossage, “Free-Market Health Care.”

⁵Gossage, “Missouri Leads the Way.”

⁶Gossage, “Free-Market Health Care.”

⁷Ibid.

⁸Sen. Tom Coburn, “Competition: A Prescription for Health Care Transformation,” Heritage Lectures, No. 1030, The Heritage Foundation, April 10, 2007.

⁹Gossage, “Free-Market Health Care.”

¹⁰Coburn.

¹¹Amendment X, United States Constitution.

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