

Bacon's Rebellion

Reinventing Virginia for the 21st Century

Quote of the Day: John H. Cochrane

Posted on April 3, 2012 by James A. Bacon



John H. Cochrane

PeterG. often belittles me for scabbing material from the Cato Institute, which, in fact, I almost never do. (Just search “Cato” on this blog to see for yourself — all “Cato” references originate with my old Wonk Salon squibs or PeterG, accusing me of something I don’t do!) Thus, it is with some trepidation that I reproduce a quote from John H. Cochrane, a University of Chicago finance professor who actually *is* an adjunct scholar at the Cato Institute.

This column in today’s *Wall Street Journal*, “[What to Do on the Day after Obamacare](#),” addresses an issue frequently discussed in the comments relating to health care (my bold face):

Most pathologies in the current system are creatures of previous laws and regulations. Solicitor General Donald Verrilli explained as much in his opening statement to the Supreme Court: “The individual market does not provide affordable health insurance,” he noted, “because the multibillion dollar subsidies that are available” for the “employer market are not available in the individual market.”

Start with the tax deduction employers can take for their contributions to group health-insurance policies—but which they cannot take for making contributions to employees for individual, portable insurance policies. This is why you have insurance only so long

as you stay with one employer, and why you face pre-existing conditions exclusions if you change jobs.

Continue with the endless mandates (both state and federal) on insurance companies to provide all sorts of benefits people would otherwise not choose to buy. It sounds great to “make insurance companies pay” for acupuncture. But that raises the premiums, and then people choose not to buy the insurance. Instead of these mandates, at least allow people to buy insurance that only covers the big expenses. ...

If we had a deregulated, competitive market in individual catastrophic insurance, that market would be so much cheaper than what’s offered today that we would likely not even need the mandate.

– *JAB*