



Meandering to the bottom

By Kay May 1st, 2012

The one and only conservative plan for health care is “buy insurance across state lines”. We’re all familiar with this idea, because the other way to describe it is “deregulate and then we’re all Alabama” and it’s the one and only conservative solution to every national problem. Deregulate, race to the bottom.

Let’s go to the [laboratory of the states](#) and see how it’s going:

A new law that allows Georgians to buy health insurance plans approved by other states was envisioned as free-market solution that would lower prices and increase choices.

So far, the law has failed to produce results: Not a single insurer is offering a policy under the new law. “Nobody has even asked to be approved to sell across state lines,” Georgia Insurance Commissioner Ralph Hudgens said. “We’re dumbfounded. We are absolutely dumbfounded.”

Insurance companies are regulated by states. Historically, that has meant that Georgia consumers could only buy health plans that meet state requirements from companies licensed by the Georgia Department of Insurance.

Many conservative policymakers say a more open insurance market free from individual state regulations could add competition to the private market for health plans, used mostly by people who can’t get insurance at work. But the experience so far in Georgia has some wondering whether the concept is the answer after all.

The writer is far too coy here with that “conservative policymakers.” [Mitt Romney, candidate for President of the United States](#), says this, or did, at the moment this article was posted:

Selling insurance across state lines is popular in the Republican Party and so **Romney included it in his plan**. But its appeal to conservatives has always been baffling. Allowing insurance to be sold across state lines is sort of the bizarro-world approach to one-size-fits-all federal regulation. In the federal example, everyone has to abide by a single national standard. That may not be ideal, but at least every state has a say in the regulations. In the across-state-lines plan, everyone has to abide by whichever state has the lowest standards. And California doesn’t have a say in Mississippi’s regulations.

I don’t think it’s “baffling” at all. Deregulate, race to the bottom. When do conservatives veer from this script?

Hudgens, a conservative Republican who strongly supports free-market ideas, **said he expected policies sold in states such as Alabama, which have fewer requirements for health plans, to be offered in Georgia after enactment of the law**.

“I’m really surprised because it was such a bumper sticker issue by Republicans saying if we could get across state line selling, we could reduce the cost of health care,” he said.

Truth-telling! Deregulate, Alabama. That was the plan. How did this guy get past the censor? Shun him, immediately.

Many consumer advocates opposed the change, saying it would result in families losing protections to make sure plans contain crucial benefits. **Over the years, Georgia legislators have created a significant list of required benefits such as coverage for mammograms and prostate cancer screenings and a ban on “drive-by deliveries” by requiring insurers to pay for 48-hour hospital stays for new mothers and their babies.** Under the new law, health plans approved under the rules of other states could be sold in Georgia, even if they don't meet Georgia requirements.

In theory, the law would allow a Georgia-registered insurer to scour the nation and find a bare-bones plan to offer private market customers in Georgia — presumably at a cheaper price.

Because the law still requires Georgia licensing and oversight, it does not create a completely free-market scenario. It essentially just allows insurers licensed in Georgia **toget around the state's benefit mandates.**

Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank, said Georgia's new law didn't go far enough.

“Georgia should be telling consumers that any health insurance carrier in any state can market themselves to you and we will deem their out of state license to be a Georgia license and incorporate all the terms of that out of state license in a contract so it could be enforced in a Georgia court,” Cannon said.

The libertarian idea didn't fail, Georgia failed libertarians. If we'd all just stop demanding an overnight stay in a hospital when we have a baby and accept a “drive by delivery” (I cannot even imagine what that entails, but they had to fix it through regulation, so it must have happened) libertarians would be happy, and this theory would work.

Critics say that under such a free market scenario Georgia elected officials would cede their responsibility to protect Georgia consumers to regulators in another states. They say bypassing state regulations could lead to a race to the bottom and leave many consumers without needed benefits — and leave taxpayers and better-insured residents ultimately picking up the tab for some treatments.