

July 21, 2009

The CBO Death Knell For "Obamacare"

Pejman Yousefzadeh: The Fine Print Ought To Set Off Alarm Bells In Washington



President Obama talks about his plan for health care reform. (AP Photo/J. Scott Applewhite)

(CBS) Pejman Yousefzadeh writes a blog for [The New Ledger](#).

I cannot remember where I read it, alas, but some news story, some months ago, pointed out that in anticipation of health care reform, the former Director of the Congressional Budget Office--and the current Director of the Office of Management and Budget--Peter Orszag, increased the hiring of staff economists well versed in the fiscal and economic consequences of any changes in the health care system. With these new hires, Orszag hoped

that CBO would be well-prepared to turn out quick and accurate estimates of any health reform legislation.

One imagines that while the current CBO Director, Doug Elmendorf, is happy about these hires, OMB Director Orszag regrets them. Why? Because CBO issued a fairly blistering report concerning the ability of the current health care reform plans to save money and control health care costs for the long term.

CBO's hammer blow to the prospects of the reform packages currently on the table was buried in [this Politico report](#), but its issuance ought to have alarm bells going off in Washington:

Far from burying the lede, [this report](#) highlights CBO's undercutting of the Obama Administration's claims. hilariously, Senator Harry Reid's response to Elmendorf's unwelcome-but-devastating analysis was to suggest that Elmendorf, "who in recent months has set back health care efforts with his office's cost analyses of the plans being floated," should run for Congress, "suggesting [Reid] found the CBO estimate to be partisan in its results." Of course, it goes without saying that Reid is unburdened by any experience in having attended charm school, and one can understand his remarks in light of this fact.

But charming or not, Reid's reply does nothing to alleviate the concerns of any halfway respectable policy wonk that the claims of the Obama Administration and Congressional Democrats notwithstanding, health care costs will not be contained or reduced under the health care reform plans at issue.

Cost control and reduction are the goals that any health care reform worthy of the name should be shooting for. Too many people have gotten hung up on the concept of universal coverage, neglecting to note that universal coverage [helps drive health care providers out of business](#), that it leads to [incredibly onerous increases in taxes](#), and that current Congressional plans promising universal coverage will only serve to [push down wages, increase the complexity of the health care system, and stick us with yet another unaffordable entitlement](#).

The emerging picture that comes out of the current health care reform bills under consideration validates the general statement of principles that make up [Michael Cannon's Anti-Universal Coverage Manifesto](#).

Last week, David Brooks--the *New York Times* columnist who, despite his putative conservative leanings, is more than delighted to throw rhetorical bouquets towards the general direction of 1600 Pennsylvania Avenue--[pointed out](#) that the current bevy of health care reform legislation would do nothing to control costs. Among the other points he makes, Brooks highlights the fact that the lower administrative costs that will supposedly eventuate through the implementation of a public plan will do nothing whatsoever to drive down costs, since they do "not affect the fundamental incentives driving inflation." This is because "the public plan would pay providers of health care at rates comparable to privately negotiated rates," according to--you guessed it--a CBO analysis of the plan provisions in the health care reform bill issued by the Senate Committee on Health, Education, Labor, and Pensions. Quoting Brooks:

One may take issue with some of the solutions offered by Brooks to fix the fiscal mess we face because of rising health costs. But there is no denying the problem. And there is no denying that the health care reform bills we are seeing batted around the halls of Congress do nothing to fix that problem.

The CBO report has clearly worried advocates of health care reform. [Ezra Klein](#) tries to promulgate "rules" concerning comments on CBO's findings, including the requirement that those who trumpet CBO's critiques on the issue of cost control also accept CBO's call for the elimination of tax breaks that support employer-provided health insurance, a public insurance option that can bargain at Medicare rates, allowing [MedPAC](#) to reform Medicare, support cost-sharing that will effectively ration care, and

support cost-effectiveness of treatments, which will serve to set reimbursement rates. To which, the proper response is something along the lines of "No, Ezra, we *don't* have to accept these conclusions." These CBO proposals are given with the assumption that universal health care is a desirable goal. But it may not be. Rather, the desirable goal, [as Cannon writes](#), may better be described as "making health care of ever-increasing quality available to an ever-increasing number of people.," with the understanding that the policy consequences of universal coverage may not be desirable, that people ought to have the right to refuse health insurance, and that there are plenty of other--and better--ways to subsidize people who do not have health care.

Perhaps the worry of people like Klein is not limited to a mere CBO report, devastating though that report is. Perhaps the concern of universal coverage advocates also centers around the fact that for all of the hoopla surrounding health care reform, [polls](#) show that the American public is divided over the issue of reform. The political advantages enjoyed by the Obama Administration and Congressional Democrats are not *nearly* as pronounced or overwhelming as universal coverage advocates (the vast majority of them sympathizing with the Democratic party) thought they would be, and a significant number of Americans believe that neither their care, nor their pocketbooks will see much improvement in the aftermath of health care reform.

Sometimes, public skepticism is not justified by the facts. But in this case, the skepticism of the American people is borne out by the most serious of policy critiques, thus *reinforcing* public wariness. Health care reform advocates may try bluff and bluster to overcome public concerns. But with any luck, they will be forced instead to go back to the drawing board, and return with a better plan.

By Pejman Yousefzadeh:

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