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**July 24, 2009**

**Will Pres. Obama's Health-Care 'Reform' Control Costs or Not?**

**Don Boudreaux**

I'm surprised that [Paul Krugman, writing in today's New York Times](#), points to Massachusetts's three-year-old program for creating universal health-insurance coverage in that state as a model for America. Krugman himself - in a column devoted to insisting that such government plans will reduce health-care costs - admits that Massachusetts "is now looking for ways to help control costs." If Massachusetts's experience is Krugman's best real-world case for how such reform itself controls costs, why are legislators in that state "**now** looking" - *three years later!* - "for ways to help control costs"?

But control costs they must. [A 2008 Kaiser Family Foundation study](#) of this Massachusetts reform finds that "the costs for this program have exceeded previous estimates. The Governor's budget request of \$869 million for 2009 is about \$400 million more than that for 2008, and it is believed that this funding level may still fall short." And just last month, [Cato Institute scholar Michael Tanner reported](#) that "since the program became law, insurance premiums have been increasing by 10 to 12 percent per year, nearly double the national average. On average, health insurance costs \$16,897 a year for a family of four in Massachusetts, compared to \$12,700 nationally. Meanwhile, total health-care spending in the state has increased by 28 percent."

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