

O-Care's one-size-fits-all failure

By Nancy Pfotenhauer - 05/07/14 06:57 PM EDT

Many lawmakers on both sides of the aisle agree universal health insurance is the central goal of successful healthcare reform. The left sold the Affordable Care Act on this promise; the right hopes to do the same with an alternative plan set to be unveiled later this year.

Both sides are trying to fix the wrong problem. Universal health insurance is profoundly different from better healthcare, and so long as reformers focus on the former, the latter will continue to deteriorate.

Real healthcare reform must improve the quality of America's healthcare system. At its most fundamental level, healthcare exists to improve individuals' health outcomes and overall well-being. Beneficial reforms will thus improve those outcomes, increase healthcare's quality and lower its costs, with the ancillary effect of expanding its availability.

This is a more worthy goal than putting a health insurance card in everyone's hand, a la ObamaCare and its Republican replacements. Universal health insurance is merely the provision of a service regardless of that service's quality. This cannot be achieved without the assistance of a massive bureaucratic apparatus in Washington that stifles innovation, limits consumer choice and increases its costs. Thus, reforms that seek universal health insurance decrease healthcare's quality, and they don't deliver on their promise to make coverage universal.

Look no further than ObamaCare for proof. The Rand Corporation estimates that only one-third of the exchanges' enrollees were previously uninsured. A recent poll by the Kaiser Family Foundation found that 50 percent of the uninsured don't plan to buy health insurance. Most damningly, the Congressional Budget Office now estimates that 31 million Americans will still be uninsured in 10 years.

The problems extend well beyond insurance coverage. By attempting to solve the wrong problem, ObamaCare has also exacerbated — or created — a host of other issues.

Individuals and families now have significantly less freedom when choosing their healthcare. Due to its many coverage, benefit, and cost mandates, ObamaCare replaces the quality, affordable coverage that individuals and families want with one-size-fits-all plans. This resulted in at least 6.3 million Americans losing the health insurance they liked and wanted to keep. Millions of other plans likely will be canceled when the small-business mandates kick in. And millions of Americans were forced to buy insurance that costs more but includes less.

Meanwhile, health insurance is still getting more expensive by the year. ObamaCare's architects claimed that it would stop healthcare's runaway costs. The average first-year premium spikes on the exchange of 41 percent — and the increasing likelihood that they'll increase again next year — dispelled that myth. So did the recent news that healthcare spending growth is now at a 10-year high and will continue to outpace economic growth for at least the next two decades.

These problems will persist so long as reformers pursue universal health insurance. Not so with reforms that lead to better healthcare .

Better healthcare will not be realized without unleashing market-driven innovation. Reformers can't pretend that this existed prior to Obama-Care's passage. Then, as now, federal regulations hemmed in consumers and innovators on every side. ObamaCare's mandates only expand this restrictive regulatory regime.

Innovators and consumers should be unshackled from the rolls of red tape. This starts by putting patients, not bureaucrats or insurance companies, at the center of healthcare. Patients must be free to choose a health plan that is tailored to their needs, not one with benefit mandates created by special interests. Patients need access to real-time healthcare provider data that doesn't hide costs or quality behind an impenetrable wall of bureaucratic regulations. Patients should be empowered to improve their own health using breakthrough technologies and personalized treatments.

Thus free to choose, consumers will seek out products and services that actually fit their needs. Innovators will concurrently strive to develop treatments and healthcare options that consumers want, and at a price they can afford. This is the same principle that allowed personal computers, cars and cellphones to soar in quality but plunge in price.

No one-size-fits-all federal policy can accomplish this goal. For instance, several state and federal laws prevent innovators and consumers from working together. So, multiple policy proposals targeting these barriers should be considered and challenged.

National Center for Policy Analysis President John Goodman's ideas about improving the poor's access to care can be coupled with Cato Institute Director of Health Policy Studies Michael Cannon's ideas about getting prices closer to consumers. Sen. Tom Coburn's (R-Okla.) idea about equalizing the tax treatment of insurance policies can be one of a number of policies, along with Rep. Steve Scalise's (R-La.) and Rep. Tom Price's (R-Ga.) slightly different approaches. Economist John Cochrane has proposals to help those with pre-existing conditions; Bob Graboyes, a senior research fellow at George Mason University, details how we can unleash healthcare innovation. And ideas by the likes of Rep. Paul Ryan (R-Wis.), Louisiana Gov. Bobby Jindal (R), Wisconsin Gov. Scott Walker (R), and many others all have promise.

Every proposal should be judged by whether it leads to better healthcare for individuals and families, not whether it gives them a health insurance plan they don't want or can't afford. Until this shift happens, the country's healthcare system will continue to serve Washington's whims rather than Americans' well-being.

Pfotenhauer is the president of MediaSpeak Strategies and a senior adviser with Freedom Partners, a nonprofit advocate for free-market policy.