

## A New Republican Health Plan

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It's [here](#), from the Republican Study Committee. There's nothing earth-shattering in it — it's mostly a combination of different ideas that have been floating around in conservative proposals for a while — and with Democrats in control of the House it has no chance of passing anytime soon.

It could serve as an inspiration if the GOP gets another bite at the health-reform apple in the future, though, so here's a quick overview of how it addresses the major issues:

**Preexisting conditions.** The bill basically punts this issue to the states, repealing Obamacare's protections. But there's one big exception: Mirroring a law that applied to employer plans before Obamacare, insurers and/or states would have to guarantee that plans were available to anyone who has been continuously insured for twelve months, regardless of preexisting conditions. In addition, states would receive money with which to run high-risk pools to cover those who slip through the cracks.

**Health savings accounts.** The current system allows employers to provide health insurance using pre-tax dollars, which encourages companies to offer ever more compensation in the form of health care and ties workers to the health-insurance choices of their bosses. The plan would keep that tax break, but also give Americans the option of saving their tax-free money in health savings accounts that they could use to pay premiums on individual-market plans. (HSAs already exist but are quite limited in their uses.) "Employees could also," it notes, "push for funds that would have . . . gone toward an excessive [employer plan] to be placed in-full into their Health Savings Account (HSA), purchase their own affordable plan, and save the remainder tax free for future medical needs."

This reform increases choice, though it does nothing to address the fact that *any* subsidy given out via tax exclusion is regressive, because higher-earning workers gain more from sheltering their income from taxes. I'd prefer to kill the tax break for health insurance entirely, and just offer everyone a flat voucher they can put toward a plan of their choice, with any leftover amount saved in an HSA — and any unused vouchers deployed to automatically enroll their owners in bare-bones plans, ensuring universal coverage.

**"Repackaging" the Medicaid expansion and exchange subsidies.** Obamacare gave states the option of expanding Medicaid to include people a bit wealthier than the folks the program usually covers — overwhelmingly at the expense of federal taxpayers. Many red states refused to do so. As I've noted before, this creates a huge dilemma for future reformers: You can lock in a permanent financial advantage for the states that chose to expand (which isn't fair to non-expanders), equalize funding at the amount that expanders receive (which increases spending), or

equalize funding *without* increasing overall spending (which necessarily means that expanders get a funding cut). The last option is obviously the most sensible, but it also risks losing the votes of politicians, Republican and Democrat, who represent expanding states. Thus, the plan's approach to the Medicaid expansion — “a gradual phase-out of the disparity between expansion and non-expansion states” — is good but a potential political liability.

More generally, the plan would take the Medicaid-expansion funds, along with the exchange subsidies given to people even further up the income ladder, and block-grant them to states. These grants would cover both the aforementioned high-risk pools and health-insurance subsidies for low-income residents, “subject to work requirements.” Michael Cannon of the Cato Institute argues that the way the grants are structured still encourages states to sign up as many people as possible to maximize subsidies.

There would also be changes to traditional Medicaid along the same lines: “the RSC plan would replace Medicaid's current open-ended entitlement structure with separate per capita grants to help them address the health care needs of the traditional Medicaid populations — poor pregnant women, children, the elderly, the disabled, and parents.”

**Writing Trump's executive actions into the law.** I've written numerous times about how the Trump administration has used executive actions to give Americans more (and cheaper) health-insurance options, but some of them are vulnerable to legal challenges. The plan would write them into the law to cut off this line of attack and prevent future presidents from undoing what's been accomplished.