



The GOP's true health care problem

The difference between Trump's and Obama's closing health care pitches says it all.

Ezra Klein

March 24, 2017

On Wednesday, I wrote about [the closing argument](#) President Donald Trump was making to skittish Republican legislators. Vote for the bill, he's been telling them, or you'll lose your seat.

That night, I received a call from a Democratic senator. He'd read the piece, and it had reminded him of the closing argument President Barack Obama made to skittish Democratic legislators. Vote for the bill, Obama told them, because it's worth losing your seat.

It's easy to get swept up in the tactical failures and daily horse-trading and nightly Congressional Budget Office estimates, but the real problem Republicans are facing is that they don't like their own bill. The Affordable Care Act survived its many, many near-death experiences because, fundamentally, Democrats believed in it, they wanted it to pass, and they thought it important enough to imperil (and ultimately sacrifice) their majority over.

The plan Paul Ryan built in secret has few friends. Conservatives think it leaves too much of Obamacare in place. Moderates blanch at the 24 million it will leave uninsured. Wonks shudder at its slipshod, hasty construction. Experts from all three of Washington's major conservative think tanks — the American Enterprise Institute, the Heritage Foundation, and the Cato Institute — oppose it. The latest polling shows merely 17 percent of Americans support it.

Depending on how you count, Democrats devoted either nine or 13 months to passing health care reform. No one involved in the Republican plan seems willing to wait out a similar siege. Hell, no one involved in the Republican plan seems willing to wait out a carton of milk.

Ryan is trying to clear the American Health Care Act through the House less than 20 days after introduction. In the Senate, Mitch McConnell is even less patient. "We will reach a conclusion on health care next week because we're going to Judge Gorsuch the week after that," he **said** on Tuesday. As for Trump, he's already itching to move on to something else:

It is possible the AHCA will pass anyway. Republicans fear that if they do nothing, they will doom Trump's young presidency and enrage a base that expects Obamacare to be repealed. But that is a thin rationale on which to reshape the American health care system. And it will fall apart completely if the bill becomes a law and Republicans must suddenly explain and defend why millions of people are losing their coverage. "Donald Trump needed an early win" isn't going to impress voters in 2018.

Republicans need a plan that actually inspires them, a plan they're willing to sacrifice for and defend on the merits in public. And that means developing a real vision about what a better health care system would look like. Those visions exist within conservative circles, but the cynical, slapdash process Ryan put together hasn't unearthed them.

The GOP's vision problem

There is no doubt the Affordable Care Act has fallen short of its architects' grand vision. But that vision was present, and it accounted for much of the Democrats' excitement. They saw themselves creating a new platform upon which the health care system of tomorrow would be built — genuine marketplaces, where consumers could choose from products that were comparable and comprehensible, and where regulators would make sure insurers fought over the cost and quality of their plans rather than the health status of their customers.

They believed they could use Medicare to move the system away from paying for volume and toward a new model, where providers made more money when they provided better care based on the best evidence, and thus could cut costs without harming care.

The GOP's American Health Care Act doesn't carry similar dreams or comparable ambitions. It mostly imagines the system we have now, but less so. It would retain Obamacare's marketplaces, but with a bit less regulation and smaller credits. Medicaid would remain, but its enrollment would freeze, its spending would be capped, and the federal contribution would be cut.

There is no real vision of cost control or delivery system reform. There is no market that would exist under the Republican plan that does not exist now. Under the Republican plan, health insurance in 10 years looks much as it does now, but it covers less, it makes patients pay more, and fewer people have it.

There are conservatives out there with bigger dreams. At the Atlantic, Olga Khazan profiled the radical health care hopes of the Heritage Foundation's Ed Haislmaier. He wants a world in which health insurance and medical care are not nearly as tightly entwined as they are now, and in which regulators allow many more kinds of health care markets to blossom:

In the conservative health-care future, not every procedure and test would go through health insurance. Haislmaier and some of his colleagues endorse "direct primary care," in which doctors would be treated like internet service or a Chinese buffet: Pay a flat fee and get all the visits you want. Haislmaier said in most cases, these all-you-can-eat practices charge \$135 a month or less. Some companies are already offering this service, he points out, like Qliance, a Seattle start-up that offers unlimited access to primary-care doctors for monthly fees ranging from \$59 to \$99.

These doctors would cut special deals with labs, adding blood-work to their patient's monthly fee and avoiding what Haislmaier says is an unnecessary markup by the insurance middle-man. For specialty care, there would be a "wraparound" insurance policy that only kicks in if the patient needs surgery or evaluation by a niche specialist.

David Goldhill, the author of *Catastrophic Care*, has a yet more radical vision:

First, we should replace our current web of employer- and government-based insurance with a single program of catastrophic insurance open to all Americans—indeed, all Americans should be required to buy it—with fixed premiums based solely on age. This program would be best run as a single national pool, without underwriting for specific risk factors, and would ultimately replace Medicare, Medicaid, and private insurance. All Americans would be insured against catastrophic illness, throughout their lives.

Proposals for true catastrophic insurance usually founder on the definition of *catastrophe*. So much of the amount we now spend is dedicated to problems that are considered catastrophic, the argument goes, that a separate catastrophic system is pointless. A typical catastrophic insurance policy today might cover any expenses above, say, \$2,000. That threshold is far too low; ultimately, a threshold of \$50,000 or more would be better. (Chronic conditions with expected annual costs above some lower threshold would also be covered.) We might consider other mechanisms to keep total costs down: the plan could be required to pay out no more in any year than its available premiums, for instance, with premium increases limited to the general rate of inflation. But the real key would be to restrict the coverage to true catastrophes—if this approach is to work, only a minority of us should ever be beneficiaries.

How would we pay for most of our health care? The same way we pay for everything else—out of our income and savings. Medicare itself is, in a sense, a form of forced savings, as is commercial insurance. In place of these programs and the premiums we now contribute to them, and along with catastrophic insurance, the government should create a new form of health savings account—a vehicle that has existed, though in imperfect form, since 2003. Every American should be required to maintain an HSA, and contribute a minimum percentage of post-tax income, subject to a floor and a cap in total dollar contributions. The income percentage required should rise over a working life, as wages and wealth typically do.

Ross Douthat, at the New York Times, has found his imagination drifting to Singapore:

First, Singaporeans do not spend money voluntarily saved in health-savings accounts. Under their Medisave program, they spend money saved in *mandatory* health-savings accounts, to which employers contribute as well. Second, their catastrophic insurance doesn't come from a bevy of competing health insurance companies, but from a government-run single-payer system, MediShield. And then the government maintains a further safety net, Medifund, for patients who can't cover their bills, while topping off Medisave accounts for poorer, older Singaporeans, and maintaining other supplemental programs as well.

So the Singaporean structure does not necessarily minimize state involvement or redistribution. It minimizes direct public spending and third-party payments, while maximizing people's exposure to what treatments actually cost. And the results are, again, extremely impressive: By

forcing its citizens to save and manage their own spending, the Singaporean system seems to free up an awful lot of money to spend on goods besides health care over the longer haul of life.

I have profound disagreements with these proposals. But I understand the premises upon which they're based and how someone could be excited about them and the world they would create. A world where catastrophic coverage is truly universal, where routine expenses are decoupled from insurance, where every person feels the full cost of normal care and so demands to be treated like a valued customer — that is a different world, and I can see the argument for why it would be a better one. And you wouldn't necessarily need to go all the way, all at once; something like the Cassidy-Collins plan could act as a first step.

This is the work Ryan and the Republicans have not done. Their vision began and ended with repealing Obamacare — and it turned out that wasn't much of a vision, after all. They have not done the work of exciting themselves around a particular theory of a better health care future, and they certainly have not done the work of exciting the country around the same.

What they have proposed is the system we have now, but a much worse version of it. As Paul Krugman quipped, this isn't Obamacare 2.0; it's Obamacare 0.5. And the sales pitch they have used is, more or less, the sales pitch progressives use — a decision they will, I believe, come to regret.

And so Republicans are left legislating based on fear rather than hope. They fear that if they pass nothing, their base will destroy them, and they fear that if they pass the desultory quarter-measure they've concocted, the country will destroy them. Beyond the tactics, beyond the process, beyond Trump's crummy closing pitch and the House Freedom Caucus's ever-shifting demands, this is their real problem: They do not have a plan worth losing their seats over.