

## Romney Under Pressure to Reveal His Health Plan

By MERRILL GOOZNER, The Fiscal Times July 2, 2012

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In the wake of the Supreme Court ruling Obamacare constitutional, Republican leaders immediately repeated their vows to “repeal and replace” the law. But replace it with what?

Former Massachusetts Gov. Mitt Romney, the presumptive Republican nominee, has so far remained mum on what major alternatives, if any, he might offer before the election. It goes without saying that pointing with pride to the [Bay State’s “Romneycare”](#) is not a viable option, since its exchanges, subsidies, mandates and tax penalties served as the model for the federal bill he wants to repeal.

Many Republican strategists say it would be a huge mistake for Romney to define his replacement strategy before the election. “He’d be distracting attention from the much more pressing goal of repealing the law,” said Michael Cannon, a health care policy analyst at the libertarian Cato Institute.

“Do not,” said [Douglas Holtz-Eakin](#), the Republican economist and president of the American Action Forum, when asked if Romney needs to come up with an alternative for covering some or all of the 50 million Americans without health insurance. “The number one issue in this election is the economy and jobs.”

But some Republican pollsters think otherwise. “You can’t say you’re going to repeal something and not say what you’re going to replace it with,” said John McLaughlin, chief executive officer of McLaughlin & Associates. “It allows your opponent to define what he thinks you’re going to replace it with.”

Romney has offered hints about some of the changes he will embrace. But the single biggest proposal – turning Medicaid into a [block grant](#) and capping the federal contribution – focuses on lowering government costs and not covering more of the uninsured. He also endorsed extending the income tax break for health insurance to people who purchase plans on the individual insurance market, which would add to the federal deficit and could result in fewer people having insurance, not more, according to analysts who looked at a similar plan offered by Republican candidate John McCain in 2008.

If Romney wants to offer bold approaches to transforming the health care system, conservative think tanks and conservative commentators brim with ideas. They say free market approaches, most of which aim to reduce taxpayer subsidies and government regulation of the health care marketplace, will generate insurance coverage that’s more affordable for more Americans and will succeed in holding down health care costs.

But embracing any of their plans would require Romney to challenge directly one of Obama’s core principles, which the president laid out at the outset of the health care reform debate. “If you like your health care plan, you can keep it,” the president said in August 2009 as the debate heated up.

Republicans accuse the president of violating that principle and Romney has repeatedly claimed that tens of millions of Americans will lose coverage because of Obamacare. Yet the same could be said for the conservative alternatives, which would fundamentally alter employer-based insurance, Medicare and Medicaid and directly affect the plans used by hundreds of millions of Americans. Moreover, none of their proposals directly tackles the central objective of Obamacare, which is to bring the U.S. closer to the international norm of near universal insurance coverage.

Writing Friday in *The New York Times*, conservative columnist David Brooks called for an end to fee-for-service medicine and elimination of the federal tax deduction for employer-provided health insurance, which economists agree encourages overspending. “Republicans tend to believe that the perverse incentives can only be corrected if we repeal Obamacare and move to a defined-benefit plan – if we get rid of the employer tax credit and give people subsidies to select their own plans within regulated markets,” he said.

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Glenn Hubbard, dean of Columbia Business School and a Romney adviser, writing with two Hoover Institution scholars in Friday's Wall Street Journal, endorsed transforming Medicare into a **premium support system** along the lines proposed last winter by Rep. Paul Ryan, R-Wis., and Sen. Ron Wyden, D-Ore. Under premium support, the nation's elderly would receive a capped subsidy to purchase coverage from private insurers. Even with delayed implementation, premium support represents a major change in the structure of the program that would dramatically increase out-of-pocket costs for seniors.

The **Heritage Foundation**, which originated the individual mandate but has since abandoned the idea, now places transformation of government programs at the top of its to do list. "Existing health care spending such as Medicaid and the State Children's Health Insurance Program should be redirected to help low-income individuals and families purchase private health insurance," a recent paper by health analyst Nina Owcharenko said. "Medicare should be a defined-contribution system in which the government provides a contribution for benefits and seniors are able to apply their contribution to the health plan that suits them best."

Joseph Antos, a former government official now at the **American Enterprise Institute**, thinks Romney should create taxpayer-subsidized high-risk pools for high-cost patients that employ "catastrophic care management" teams "so the health care system doesn't pay for everything." "It you want insurance, you have to recognize it's a business, not a social program," he said.

Politically-attuned observers object to radical overhauls that are primarily designed to lower government costs without addressing the problem of the uninsured. They believe Romney should offer small-bore programs that begin to address those problems. "Expand (tax-incentivized) health savings accounts; give tax credits and tax deductions to encourage people to buy health insurance; roll back the cuts in Medicare," pollster McLaughlin said.

Democrats and liberal-leaning health care analysts argue that many of these approaches have been tried in the past without success. They say the radical overhauls of Medicare, Medicaid and elimination of the tax preference will lead to higher spending out of pocket by beneficiaries, higher taxes on the middle class and self-rationing by people stuck in inadequate plans.

But those arguments can only be joined if Romney moves beyond the sound bites of repealing Obamacare to offering something specific as its replacement. "I don't see how Romney can be a credible candidate unless he has a more specific plan," said AEI's Antos. "The big question is when he is going to start talking about it."