

TX GOP lawmakers push for free-market health care reforms; federal rules place a straightjacket on changes

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By Mark Lisher



AUSTIN, Texas -- Asked to predict what the state Legislature might accomplish this session in the way of meaningful health care reform, Rep. Mark Shelton, a doctor, paused for a moment and ventured that by Memorial Day he and his colleagues will have balanced the budget.

That was Shelton's way of saying he had absolutely no idea what, if anything, the Legislature might get done on what he calls the issue of our age. Like other lawmakers and health care advocates, **Shelton, R-Fort Worth**, is chafing with ideas for change but wracked by an uncertainty bordering on paralysis over the future of President Obama's **Patient Protection and Affordable Care Act**.

A **vote last week in the U.S. House to repeal** the so-called ObamaCare act, while a pointed repudiation of what conservatives say is overreach by the president, is unlikely to make it to the floor of the Senate, much less past a presidential veto. A lawsuit joined by **Texas and 26 other states challenging** the constitutionality of parts of the health care bill will take time making its way to the Supreme Court, where some supporters say the makeup of the court makes a favorable decision a crapshoot.

And in spite of tough talk from conservatives led by **Gov. Rick Perry** hinting that Texas might be better off pulling out of Medicaid, for example, the truth is the states are bound up by the federal health care straightjacket, making even little movements nearly impossible.

Shelton, among the leading health care reform proponents, has been working with the **National Center for Policy Analysis** in Dallas to craft something called the Insurance Portability Act. But rather than roll out this ambitious bill to allow Texans to choose and own their own health care, in a way similar to a 401(k) plan that can be taken from job to job, Shelton intends to file the much more modest Health Care Accountability Act, requiring the federal government to tell the states just how much ObamaCare is going to cost them.

"The first thing we have to do, before anything, is figure out what this bill is going to cost us. I don't think anybody could be against that, right?" Shelton said. "I'm not sure what we're going to do beyond that. Everybody - the Legislature, the insurance companies, small business, the public - everybody is on hold, and I worry about that."

The "everybody" Shelton is talking about suspects that ObamaCare will be ruinously costly. While supporters of the bill point to the modest cost increase **estimates of the Congressional Budget Office**, critics have charged that the demands of ObamaCare on Medicaid alone will be enough to **bankrupt many states**.



SHELTON

Jagadeesh Gokhale, a health care economist with the Cato Institute, was in Austin in mid-January carrying this warning in his forecast of Medicaid growth gone mad in Texas. At the request of the conservative Texas Public Policy Foundation, Gokhale **produced a study** that predicted that in 30 years Medicaid would cost \$460 billion every two years, representing half of the entire state budget.

Absent national health care reform, the [Medicaid health care program for the poor in Texas](#) is projected to cost \$112 billion more over the decade between 2014 and 2023. [Gokhale estimated](#) that ObamaCare requirements will add as much as \$38.6 billion to that total.

Medicaid currently accounts for a little less than a third of all state spending. In 2014, the year ObamaCare takes effect, Gokhale estimates that will jump to almost 47 percent of all state spending.

Predicting doom is one thing. Offering a plan for averting it is another. When he sat down with Texas Watchdog, Gokhale seemed a little perplexed by Perry's suggestion that Texas withdraw from the Medicaid program, doubting the state could raise the \$15 billion in federal Medicaid funds annually to provide a comparable state health plan.

Gokhale was also skeptical that elected officials in Texas or anywhere else would have the political courage to systematically scale back the subsidies that have gradually been added to Medicaid, Medicare and Social Security.

But while he preferred to think of the flux of ObamaCare as an opportunity to do something, Gokhale seemed relieved that all he was required to do was provide his grim estimates.

"It seems to be clear that the alternative is to begin exploring a free market model," he said. "But will it work? Who can say? We've never been there before."

PERRY SUGGESTION TO DROP MEDICAID 'AN IMPLIED THREAT'

Well known for his antipathy toward federal entanglements, conservatives weren't surprised when Gov. Rick Perry suggested Texas go its own way on Medicaid.

Katherine Yoder, the governor's health care policy specialist, however, said it was a first shot across the bow of the federal government's health care warship.

"It was an implied threat," Yoder said. "When we did the research, we decided that realistically it wasn't possible."

The governor has his own set of doomsday numbers. Yoder uses phrases like "critical point" and "future of society" to describe the risk of doing nothing on health care. The centerpiece of Perry's position on health care, Yoder said, is the need for a system of cost sharing for participants in Medicaid, the idea that no system can improve itself unless everyone has a stake in its success.

And yet any talk of reform returns to the iron grip the federal government has on health care. The governor is quietly assessing the legislation being proposed for the state, and is taking no positions right now, Yoder said.

"The calls we get are from doctors saying the system is broken and from small business owners saying they are afraid of the system," Yoder said. "But there are an awful lot of people who are afraid of any change in the system."



Lt. Gov. David Dewhurst said he is prepared to introduce [his own package](#) of free market changes, taken from health care bills crushed and killed in the [pileup of](#)

DEWHURST [bills](#) behind a Democratic effort that killed a Republican voter identification bill. As he has for the past few years, Dewhurst said he wants doctors and hospitals rewarded for good medical outcomes, best medical practices and the promotion of wellness and prevention rather than compensated for the number of procedures and patients.

"There are no financial incentives to motivate doctors to keep patients well or for hospitals to treat people and release them in a timely way," Dewhurst said. "We don't have health care in Texas, we only have sick care."

Dewhurst seems optimistic that a conservative surge in the House will give free market health reforms the boost they need, although just exactly what those reforms would look like or which ones the Legislature might support are a bit gauzy.

Judging from the first major health care test of the session, even toddler steps toward reform will be seen as risky. Another doctor, [Rep. John Zerwas, R- Katy, has proposed](#) the state of Texas beat a 2014 ObamaCare deadline and establish a state health care exchange.

An exchange - at least to judge from Utah and Massachusetts, the only two states that have them - is hardly the kind of open market of the kind Texans enjoy when choosing their power provider. But already lawmakers are taking sides. Neither Dewhurst nor Perry will have anything to do with the Massachusetts exchange model because its state control eliminates client choice.

Other conservatives have said they won't consider Zerwas' or any exchange because the Obama health care bill calls for a national exchange in 2014 for all states that haven't established their own. Defending his bill, Zerwas has consistently flashed his ObamaCare opponent badge hoping that his fellow legislators will agree that any kind of exchange set up by Texans is better than one set up by Washington.

Shelton envisions the vacuum of state legislative inaction being filled by negative reactions to ObamaCare: Insurance companies rewriting their policies in ways that push clients toward the public pool, small businesses opting to pay fines and drop out of health care coverage altogether, costs continuing to rise untethered.

Sometime later in the session Shelton said he plans to offer up his Insurance Portability Act, not that he's at all confident of passage. With the current health care climate, no one is very confident of any change.

"At least I'd like to get it out there to be discussed," he said.

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