

Government insurance will kill private insurance

posted at 1:45 pm on June 10, 2009 by Ed Morrissey

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Democrats have taken great care to make the new health-care plans hitting the House and Senate this week look like anything but single-payer, socialized medicine. They insist that they want to maintain the private insurers in the market and give Americans choices in coverage. However, by pushing for a government-run plan to “keep insurers honest,” they have created a Trojan horse for socialized medicine, as Ronald Baily explains at [Reason](#):

In his weekly radio address on Saturday, President Barack Obama declared that “it’s time to deliver” on health care reform. In a letter to Sen. Edward Kennedy (D-Mass.) and Sen. Max Baucus (D-Mont.), President Obama wrote, “I strongly believe that Americans should have the choice of a public health insurance option operating alongside private plans. This will give them a better range of choices, make the health care market more competitive, and keep insurance companies honest.” This week Sen. Kennedy released a draft of his proposed “American Health Choices Act” which includes one such optional public health insurance plan. The administration’s goal is to report that bill out of the relevant Senate committees by the end of this month.

Earlier this week, Republican lawmakers sent a letter of their own, strongly warning the president that “Washington-run programs undermine market-based competition through their ability to impose price controls and shift costs to other purchasers. Forcing free market plans to compete with these government-run programs would create an unlevel playing field and inevitably doom true competition.”

When have we seen this before? Oh, yes ... Medicare:

Defenders of the public option quickly point out that Kennedy’s American Health Choices Act promises to pay health care providers 10 percent more than Medicare. But as the Cato Institute’s Michael Tanner noted at [Cato@Liberty](#), “When Medicare began, proponents promised it would reimburse at the same rate as insurance. That promise didn’t last long.” In fact, in his letter to Kennedy and Baucus, Obama explicitly endorsed the idea of setting mandatory physician and hospital reimbursement rates through the Medicare Payment Advisory Commission. In other words, the payments would no longer be merely advisory.

Government doesn’t exist to turn a profit, nor does it face competition. That’s why, in part, government operates so inefficiently. We put up with that in certain areas, like the military, because we don’t want private groups arming themselves with tanks, bombers, and armies and navies. In most other areas, we prefer the private sector, as competition usually gets us the best products and services at the best prices.

Government exists to service its interests, at least in its present form. Mostly, it serves to further itself. Any government bureaucracy that sees danger in competition will work to eliminate it. The dynamic in health-care plans would not be government making private insurers “more honest”, but in squeezing them out of the marketplace to create a monopoly. Since government doesn’t have to show a profit to exist, it will simply low-ball the other insurers on price until they all drop out of the health-care field. In an ironic way, it’s similar to how Standard Oil built its monopoly, which the government had to bust in order to get real

choice and competition in the gasoline market.

Any public option offered by the government will be nothing more than a virus at the heart of the plan, through which the statisticians can push through a single-payer national health care system, and it won't take that long to get it. Once the insurers understand the dynamic, they will run away from their health-care plans at lightning speed, leaving the field to Medicare, or whatever new name the Left dreams up for it.

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mycowardice on June 10, 2009 at 9:24 PM

No you silly oaf. I'm saying that just because someone wants something does not mean they are entitled.

IOW "pay your own way if you want something" if that's not too difficult for your limited comprehension.

viking01 on June 10, 2009 at [10:43 PM](#)

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viking01 on June 10, 2009 at 10:43 PM

Is health care the only place you apply this philosophy?

How about the police? Should you pay every time the cops help you?

How about public schools? Should you only pay when you send your kids, and should you not be able to send your kids if you can't pay?

How about the fire department? Should there be a membership where they will only go and save your house if you paid your membership fees?

I get "pay your own way if you want something", I also get that some things should be built in our system and we should assume that everyone will need them one way or another. (and therefore account for it)

mycowardice on June 10, 2009 at [10:55 PM](#)