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OPINION

Still Not An Option

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Health Care: Last week we said the reform plan moving through the House essentially outlaws the private individual medical insurance market. Critics said we were being dishonest. But we're standing by our story.

When we received a copy of the House's 1,018-page health care reform legislation, it didn't take us long to find a passage that made us wince. On Page 16, the language indicated to us that once the bill became law, insurers would no longer be permitted to sell new private individual coverage. While we were expecting the worst out of this legislation, we really didn't anticipate anything quite so radical. Had we simply misread the bill?

Not fully trusting our own interpretation, we asked for confirmation from the House Ways and Means Committee. Sources there agreed: The bill would indeed shut down the individual private health care insurance market.

Our impression was further confirmed Monday when Rep. Dave Camp, the ranking member on Ways and Means, told us that "any existing plan will not be able to enroll members." There will be "a prohibition," the Michigan Republican said, "on enrolling individuals in private health plans" after the bill becomes law in 2013.

It was also confirmed by Ways and Means staff director Cybele Bjorklund, who, in response to questions from Republican Rep. Paul Ryan of Wisconsin during a committee markup session, admitted last week that insurance providers "cannot create new policies outside of that window outside of the exchange."

Many of those who have said we are wrong pointed to this health care exchange mentioned by Bjorklund as evidence.

But the exchange will not be a private market. It will be a program in which Americans can buy individual plans from private companies in competition with the "public option" provision of the bill that will provide taxpayer-subsidized coverage.

But that's only part of the story. The exchange will be a highly regulated clearinghouse of providers that meet the government's standards. Only those providers that follow Washington's stringent guidelines will be allowed to join this exclusive club.

The government, through an unelected health choices commissioner, will set premiums, dictate benefits, determine deductibles and establish coverage. Exchange participants will be required to insure anyone who asks to be covered and to accept all renewals. Ryan believes the weight of the mandates will mean only five or six providers will be able to survive and sell coverage in the exchange.

Anyone who wonders how such an exchange will operate need only look at Massachusetts, home to the only health coverage exchange in existence. The Cato Institute's Michael Tanner testified before the Kansas House in 2007 that "in practice, at least as demonstrated in Massachusetts," an exchange "can quickly devolve into a regulatory body."

In trying to prove the exchange will be a private market, the bill's own supporters actually prove our point. Rep. Henry Waxman, D-Calif., complains in a letter on the next page that last week's editorial is "factually incorrect and highly misleading" yet admits three paragraphs later that outside the exchange, providers "can't continue to market" existing "policies to new customers."

Waxman, who chairs the House Energy and Commerce Committee, also claims the legislation "will create a transparent insurance marketplace," apparently unaware that government cannot create a market. The government can create coalitions of private companies, which are eventually co-opted by the state. And it has given itself the power to seize private companies, as with General Motors.

But it cannot fabricate a market. Anyone who thinks it can, does not know how markets work.

A true market is the sum of the voluntary choices of consumers and sellers acting on their own, free of government coercion. A market cannot be created or managed by one man or woman, or a team of bureaucrats, even with the help of a large staff by Washington standards working around the clock.

Anything that is primarily steered by the hand of the government rather than the price signals that free markets so efficiently process on a daily basis would be an agency of the state.

Perhaps most damning to the argument of those who say we are wrong about the House bill outlawing new individual private coverage is the creation of the exchange itself.

If getting coverage from the exchange is the same as buying insurance in the private market, then why do we need it? The authors of the bill could have kept the private option by doing nothing.

We are not alone in challenging the claim that the Democrats' health care reform will let everyone who likes their health care coverage keep it. Others are arriving at the same conclusion by looking at different provisions in the massive tome.

Adding to the Democrats' woes on health care reform are the concerns of moderate lawmakers from their own party. Their lack of support due to the bill's costs caused Tuesday's markup session in the House and Energy Committee to be canceled.

It's possible that for the second time in less than 20 years, a Democratic attempt to hijack private health care is unraveling.