



Two Republican Lawmakers Are Making American Healthcare Great Again

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A frequent—if not entirely fair—criticism of Republican opposition to Obamacare is that the GOP has only said "no!" With few exceptions, the argument goes, the Republicans have fought against healthcare reform without suggesting a substantive alternative of their own.

However, two lawmakers are again showing that simply isn't true.

"We were thinking about naming it the Make Healthcare Great Again Bill," deadpanned Sen. Bill Cassidy of Louisiana to a reporter recently while introducing the legislation he and House Rules committee chairman Pete Sessions of Texas have developed over the last 18 months.

Rather than the Trump-like, "Make Healthcare Great Again", the two leaders found a slightly more accurate label for their accomplishment. They modestly introduced it as the "World's Greatest Healthcare Plan."

The bill itself starts defining a new path for Republicans in the Obamacare debate, contains many original pieces of legislation, and is the first bicameral full healthcare reform bill introduced by the Republicans since the passage of the president's law back in 2010.

Since its passage, Republicans have voted more than 60 times to repeal Obamacare, but neither Republicans nor Democrats have created a consensus plan with which to replace the controversial measure.

The Sessions/Cassidy bill allows individuals who are on Obamacare plans to maintain them, their subsidies, and everything else that goes along with Obamacare as long as insurance companies are willing to provide different options in that market. The Sessions/Cassidy plan also gives businesses the choice as long as they are already providing insurance to their employees, employers can continue to provide insurance under the same rules as under Obamacare including, of course, the burden of the Cadillac tax (Obama's tax on employee health benefits deemed to be too luxurious).

Neither Sessions nor Cassidy believe that staying on Obamacare will be attractive given its high and persistent premium increases, and they envision that employers will quickly change plans as well. However, they are willing to give people a choice and let the market decide. (Imagine that!)

The plan provides a \$2,500 per person tax credit and \$1,500 per person dependent credit, providing a family of four an \$8,000 tax credit; allows for the kinds of limited benefit insurance plans currently barred; creates Roth health savings accounts, and aims to bring more transparency to the market.

Although the policy proposals all work together to create a freer, more competitive market, one of the most original—and necessary—ideas is "Health Status insurance." First devised in a Cato Institute paper by John Cochrane, the idea was brought to legislative life by Dr. John Goodman, President of the Goodman Institute.

Health Status insurance creates an economic incentive for insurance companies to compete for the sick instead of creating narrower networks with fewer quality doctors and hospitals. Health Status risk adjustment stops the race to the bottom that Obamacare created and that almost all of the Republican plans have included as well. *Health Status insurance makes sick people attractive to insurers.*

Here's how: Historically, sick people are unattractive to insurers because they are expensive, especially compared to healthy enrollees. However, Health Status insurance works like Medicare Advantage risk adjustment, which manages to make the sick and elderly attractive to insurers. Medicare Advantage enrollees pay a community rated premium, and Medicare pays their plan a risk adjusted sum based on the enrollees' health. Health Status insurance would initially use the same risk adjustment as Medicare Advantage, but the risk adjusted sum would be from paid private insurer to private insurer and insurers would be free to come up with their risk-adjustment models, as well.

The congressional GOP has an edge in healthcare matters: Of the 14 doctors in the House, 11 are Republicans as are all three doctors in the Senate. (Cassidy, a former gastroenterologist, is one of them.) And this plan is the prescription they've needed to write for what ails Obamacare.

Sessions and Cassidy have created the only Republican option that is offered in both chambers, the only option that works for everyone in the market, and the only option that stops a market race to the bottom, which taken together make the "World's Greatest Healthcare Plan" less of a Trump-esque claim and more of a legitimate description.