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## Congress 'discovers' an old idea

Posted: Jun. 27, 2009

Let's dream. What if you could get health coverage in which your premiums didn't have to pay for profits, in which the little guys were, in fact, the company. If only, eh?

Except this exists. Thrives, even, to the point that as many Wisconsinites as live in metro Appleton get their coverage via private, non-profit cooperatives. This did not need to be invented by Teddy Kennedy. Who knew?

This matters because President Barack Obama and his allies praise markets but say they'll only work if some government-controlled player - a "public option" - dominates them. People caught the whiff of Big Brother in this. To reassure them, Democrats now suggest some kind of co-ops to offer cheaper coverage by cutting out profits.

But such things already exist. About 55,000 people in Dane County get their coverage via the private, non-profit [Group Health Cooperative](#). They own it - the clinics, the doctors, the HMO, all of it held up since 1976 as a model of quality care. Another 75,000 people are covered by and own [Group Health Cooperative of Eau Claire](#). In Minnesota, another co-op, Health Partners, has a quarter of the market, trailing only two non-profits.

All of them actually compete and offer premiums unencumbered by the supposed burden of profit.

Take even the hard case of farmers. Customarily self-employed and uninsured, some 2,600 have signed up for Wisconsin's 2-year-old [Farmers' Health Cooperative](#). This doesn't run clinics; it instead pools the farmers, shopping their business to insurers.

Farmers can choose from six plans, says co-op director Melissa Duffy, including low out-of-pocket HMOs popular near Madison and low-premium plans with health savings accounts for those willing to assume more risk and save. About half the co-op's customers pick that option.

The idea is spreading. Four other such pools, all for small employers, already exist in Wisconsin. They use some state help to get started, says Duffy, but not ongoing taxpayer subsidies. This, she says, might not hold true if co-ops were tasked with covering low-income uninsured people.

That's where co-ops lose Congress. They're a reasonable, thoughtful, *voluntary* option. What Congress contemplates is more compulsory.

The whole point of a "public option" is to be low-priced enough that Congress can mandate it. This would merely compete with private insurance, backers claim, though last week Obama backtracked on his earlier claim that you'd certainly keep your present coverage. Now, he says, if you get dumped involuntarily onto this public option because the feds makes it unconscionably costly for your employer to keep covering you, that's not Washington's fault.

How might this public option be made so attractively cheap? It could underpay doctors and hospitals, as Medicare now does, something Congress is considering. Of course, doctors could shun the public patients, as many now do with Medicare clients.

More likely, says Michael Tanner, health care scholar at the Cato Institute, the public option would both pay and charge politically acceptable rates - and make up the difference by taxing you and its competitors. Congress swears this won't happen, but, he says, "this is the Congress that's busy propping up car companies and banks that can't make it on their own." Would it let its own creation die?

All of it amounts to fiddling with something society's already figuring out. The co-ops Congress talks of would have boards appointed by Congress, not by members. They'd likely require "community rating," where both sick and well pay the same rates - something even the Wisconsin farmers' plan realized it couldn't do. It appears, says Tanner, the Kennedy version would ban high-deductible plans. The government doesn't want to compete with the private sector's functional, affordable option.

To subsidize the poor, says Tanner, just subsidize them. Give them the money. Indiana [does this](#) with HSA-style accounts that empower the poor. U.S. Rep. Paul Ryan and others propose massive credits against the payroll taxes we all pay. However you do it, an open subsidy has fewer perverse consequences, says Tanner, than trying to fit everyone into one congressionally designed scheme.

In fact, if the existing co-ops show anything, it's that reform may work better if we help free people to invent

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