



Obamacare repeal will mandate a fight within the party that invented it - the GOP

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December 1, 2016

Mitt Romney's name is still being bandied about in discussions of who will be Secretary of State in the Donald Trump administration.

But imagine Trump had chosen Mitt Romney as secretary of Health and Human Services.

With him in charge, the Republicans could have repealed Obamacare and replaced it with Romneycare - without any meaningful changes in the law.

Both systems have as their linchpin the individual mandate to buy health insurance. And the Republicans who have pledged to end Obamacare seem to forget that the approach originated with Republicans like Romney and the mainstream GOP.

Trump ended up picking U.S. Rep. Tom Price of Georgia as HHS secretary. That was widely reported as a move to end the Obamacare approach. But that's not necessarily so, according to one free-market health-care policy expert who's been against the mandate since before it was cool.

That's Michael Cannon of the libertarian Cato Institute in Washington. From the beginning of this fight a decade ago, Cato opposed the individual mandate while the conservative Heritage Foundation championed it - and got it into the system Romney enacted as governor of Massachusetts.

"At the time libertarians said, 'You can't reform health care this way. This is a government takeover,'" Cannon said. "Libertarians tried to convince conservatives this was a lousy idea, but they only learned that when the Democrats picked it up and enacted it into law."

Price, who is a doctor, has positioned himself as a prime opponent of the Affordable Care Act, as Obamacare is formally known.

But Cannon said the reform that Price proposes still incorporates what MIT economist Jonathan Gruber termed the "three-legged stool:" price controls, subsidies and an individual mandate.

Gruber is the outspoken expert who worked on both Romneycare and Obamacare and said of them "It's the same F-ing bill."

It was indeed, said Cannon, and the Price plan would not be all that different. Many conservatives, including Price, want to replace the subsidies of Obamacare with "refundable tax credits" - credits that you get even if you don't pay taxes.

But a refundable tax credit is just a subsidy in disguise, said Cannon. If the federal government pays \$2,000 to help you buy health insurance, then it doesn't really matter whether that money goes directly to the insurer or goes to you so you can give it to the insurer.

And if the government has to say what plans are acceptable, then that's another leg holding up Gruber's stool.

All that's left is the mandate. But if the penalty for not buying health insurance is that you lose a \$2,000 tax credit, then that's not going to feel much different than paying a \$2,000 tax penalty under Obamacare. That's three legs on the stool.

If a Republican Congress going to pull that stool out from under you, then they'd better give you something else to sit on. That would be a Health Savings Account, said Cannon.

Here's how that would work: Say your current employer pays \$13,000 a year for your insurance. Now that \$13,000 would go into a tax-free account you control. You could use perhaps \$5,000 to buy a bare-bones catastrophic coverage policy. Then you can use the rest to either pay medical bills or to save for future expenses.

Imagine HSA's were in effect from the beginning for the 78 million baby boomers born between 1946 and 1964. As they now move into retirement, many would have tens of thousands set aside for health-care needs.

Great idea, but it's a little late for most Americans. So the other side in this argument will likely say that most Americans need some sort of health coverage with premiums controlled by the government. That means a fight.

Other parts of Price's plan will also be controversial, said Cannon. Like House Speaker Paul Ryan, Price wants to change Medicare so that most recipients are on private plans.

That's a good idea, he said, but it means Medicare will be "Obamacare with a public option," said Cannon. And the party that's rejecting the Obamacare approach for most Americans will have a tough time arguing that it's preferable for seniors - especially when preserving Medicare was a key issue for the tea-partiers.

Cannon said the only part of the plan that should be uncontroversial among the Republican majority is a plan to change Medicaid into a system of block grants to be administered by the states. That was actually passed as part of the 1996 welfare-reform bill, he recalled, but the Congress backed down under the threat of a Bill Clinton veto.

But the next president won't be named Clinton.

As for the one named Trump, his deal-making skills better be as good as advertised if he really wants to take on reforming health care.