

[Mitt Romney's Health Care Problem](#)

Posted by [Ben Domenech](#) ([Profile](#))

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The big news yesterday on the health care policy front is that [the 11th Circuit case against the individual mandate is headed to the Supreme Court before the 2012 election, not after](#). This means a decision about the constitutionality of the individual mandate is likely to come in mid-2012, after the Republicans have chosen a nominee but well before the election ramp up. This is good political news for nearly everyone in the race on the Republican side, with one obvious exception: Mitt Romney.

Let's back up a moment to explain why. There's one line that Romney used in Florida during the most recent debate which is still sticking in my craw today, and I'm having a hard time shaking it. Excerpt – in response to a question from Chris Wallace about Perry referring to Romney's Massachusetts' reforms as “socialized medicine”:

“I don't think [Perry] knows what he was talking about in that — in that regard. Let me tell you this about our system in Massachusetts: 92 percent of our people were insured before we put our plan in place. *Nothing's changed for them*. The system is the same. They have private market-based insurance. We had 8 percent of our people that weren't insured. And so what we did is we said let's find a way to get them insurance, again, market-based private insurance. We didn't come up with some new government insurance plan.”

Now, there's a factual criticism here regarding the latter part of his comments, and the way people get that insurance under Romney's plan – namely, the overwhelming number of those newly covered are subsidized by other taxpayers, and are on Medicaid, not private market-based insurance. This is directly the opposite of Romney's case for his plan in 2007 and 2008, where he explicitly framed the matter not as a Massachusetts-specific solution, but as he said on the day he signed the bill into law, [the “Republican way of solving a problem which we face as a nation.”](#) He's continued to maintain his approach is [a “Republican way to reform the marketplace”](#) which ensured personal responsibility, as opposed to “expecting someone else to pay” for your own care.

This is ironic, given that the effect of his plan has been to shift health care costs for the newly covered (reducing the number of uninsured from a little over 9% to 4.4%) to the taxpayers. [Of the 412,000 people added to the insurance rolls in Massachusetts since 2006, 47% are on Medicaid, and only 7,000 of them have coverage not subsidized by other taxpayers.](#)

The same subsidy-driven flaw is at the heart of Obama's federal law and Romney's Massachusetts law – a profound disincentive to increase your self-sufficiency, to work

more and to earn more, given that [you stand to lose out on significant taxpayer funded subsidies](#):

“For example, a family earning \$33,000 pays no premium at all under Commonwealth Care. But if their pay goes to \$46,000, they’re obligated to contribute about \$2,400. That’s an effective tax rate of 18.5% on that \$13,000 raise.”

As you can tell, Romney’s policy is inherently redistributive, disincentivizing success and placing the overwhelming burden for the newly insured onto other taxpayers while doing little or nothing to leverage market forces to drive competitive costs. As Cato’s Michael Tanner pointed out in that piece: “It’s a situation where the entire escalation in costs is paid by the government, not the people receiving the care.”

But let’s put all that aside, because that’s not really the line that irks me from Romney’s statement. It’s the “nothing’s changed for them” line, which evokes so much of the misplaced optimism on Obama’s part that his national reform wouldn’t change things for the majority of Americans who like their insurance plans. Because things *have* changed for the 92% of insured people in Massachusetts in the five years since Romney’s reform passed. Namely: everything costs more.

Since Romney’s law went into effect, [the cost of Massachusetts premiums have increased dramatically](#), at a much faster rate than the rest of the country. [Today, the health insurance premium cost for the average family in Massachusetts is the highest in the nation. It is double the national average.](#) And yes, that counts as a change.

This gets us back to SCOTUS and the individual mandate. When Romney originally passed his reform, he maintained that it – and the individual mandate within it – would [become in time a model for the country](#). His first line in the 2010 edition of his book on this point was thus [consistent with his past remarks](#) of his solutions in Massachusetts becoming the basis for a nationwide approach.

But before I looked into this, I had assumed that – given Romney’s expressed opposition to the federal individual mandate – he would logically support its repeal. This is, surprisingly, not the case. [When Romney was asked on his book tour in 2010 about whether he’d repeal the individual mandate, he apparently said “No.”](#) Has he shifted away from this? Has anyone followed up on this point since he officially began his 2012 campaign? It seems like a rather relevant question.

[Here’s an interview he gave while on that book tour:](#)

NEWSWEEK: Back in February 2007, you said you hoped the Massachusetts plan would “become a model for the nation.” Would you agree that it has?

ROMNEY: I don’t ... You’re going to have to get that quote. That’s not exactly accurate, I don’t believe.

NEWSWEEK: I can tell you exactly what it says: “I’m proud of what we’ve done. If Massachusetts succeeds in implementing it, then that will be a model for the nation.”

ROMNEY: It is a model for the states to be able to learn from. During the campaign, I was asked if I was proposing that what I did in Massachusetts I would do for the nation. And the answer was absolutely not. Our plan is a state plan. It is a model for other states—*if you will, the nation*—it is a model for them to look at what we’ve accomplished and to better it or to create their own plans.

One wonders what elements of this “model for other states – if you will, the nation” Romney is referring to. Is it the redistribution of costs? Is it the costly subsidies? Is it the skyrocketing premiums? Is it the price controls? Is it the individual mandate?

If the activity of Romney’s campaign is any indication, it seems unlikely that Romney’s view has shifted on any of these points. Just last week, they took time to bash [yet another health care study illustrating how his reforms in Massachusetts raised premium costs and cost the state jobs](#), the second negative study in as many weeks. Rather than laying out Romney’s plan for health reform as president, they give all the indications of still fighting the last war.

In debates, Romney always cites his intention to grant waivers to all the states from Obamacare. That’s fine. But waivers are temporary, and do nothing to solve the long term problems of health care. Romney is essentially using the waivers as a substitute for proposing an actual reform, and should SCOTUS rule against the individual mandate, his utility in namechecking waivers will likely dissipate.

What really matters – and this is true of all the Republican candidates – is what he’d do next to fix the system. This issue is currently clouded, but will enter the forefront if Obamacare is gutted or if the individual mandate is maintained. Whether Romney’s plan in Massachusetts is a model for the nation or not, it is all we have to go on when it comes to evaluating his model for reform as president. And his continued defense of his Massachusetts’ law, including the individual mandate, long past the point where more honest supporters have backed away slowly from its well-evident mistakes, indicates that as much as Romney has shifted over the years across the gamut of policy positions, there is one area where he will not budge: wherever he is on health policy at the moment you ask him a question, he is never wrong.