

## Interview with Cato Institute's Michael Tanner about new health care law

Posted By [Earl Glynn](#) On April 25, 2011 @ 1:57 am In [Audio](#), [Column B](#), [Federal Government](#), [Free Market](#), [Health Care](#), [Kansas Government](#), [Personal liberty](#) | [No Comments](#)

*Kansas Watchdog* interviewed Michael Tanner in Shawnee on Thursday about his views of the new federal health care law, the [Patient Protection and Affordable Care Act](#) <sup>[2]</sup>.

Tanner is senior fellow at the Cato Institute in Washington, DC and is the author of [Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law](#) <sup>[3]</sup>.



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Michael Tanner, Senior Fellow, Cato Institute

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### **Kansas Watchdog: What should citizens know about the new health care law?**

**Tanner:** *I think as far as how it's going to impact the average American, average Kansan, is that first of all they're going to be paying a lot more for it than they expect.*

*They're going to pay more in taxes, they're going to pay more in future taxes because it increases the budget deficit and national debt.*

*They're going to pay more in higher premiums, and they're going to pay in terms of poorer quality of care and more difficulty in seeing the physician of their choice.*

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### **Kansas Watchdog: Will the cost of health care be shifted to businesses, individuals, and state government?**

**Tanner:** *Probably two-thirds to three-quarters of the cost is not on the books. When you mandate that an individual purchase insurance, or mandate that a business give insurance to its employees, you're simply passing that cost along to the business or to the individual. So those costs are off the books.*

*That said, there's plenty of on-the-books costs with the patient protection act. In fact, it probably costs as much as \$2.7 trillion over its first 10 years of operation, adding about \$800 billion to the budget deficit and \$550 billion or so in new taxes over the first 10 years.*

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### **Kansas Watchdog: How will health care bill law affect employment?**

**Tanner:** *You're simply making a tax on employment. If you're going to make it more expensive to hire workers businesses have to take that into account.*

*Businesses don't actually care about how you divide up the cost of employment between wages, taxes, retirement benefits, health care benefits — it's all the same. It's the cost of employment.*

*If you mandate that they offer insurance, they're going to have to offset that cost in some way. They can do that, of course, by lowering wages or cutting out other fringe benefits. But the easiest way for them to reduce their cost is simply to not hire as many workers.*

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### **Kansas Watchdog: What are some of the unintended consequences of the health care law?**

**Tanner:** *It could actually make it harder for people to see their doctor. For example, they're going to increase the number of people in the system by putting in some 15-20 million more Americans into Medicaid.*

*We know for example right now that Medicaid patients are the most likely individuals to use emergency rooms. So, what we're suggesting is that we're going to have a flood of new people in the emergency room. That means if you get sick and you show up at the emergency room, it's going to be harder to get it in. It's going to take you longer. You're going to wait more.*

*The same goes for the rest of the system as well. We know that in [Massachusetts, for example, when they put in "Romney Care,"](#)<sup>[4]</sup> which is essentially the same thing, the average wait time to see a physician went from 33 days on average to 55 days.*

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**Kansas Watchdog: What about a shortage of doctors, especially in rural areas?**

**Tanner:** *America is facing a doctors' shortage anyway. As the population ages we need more health care, and the doctors are not keeping up with that. We're not graduating enough doctors from medical school to keep up with that as it is.*

*This bill is liable to make it worse. We know, for example, that this bill is going to push more Americans into Medicaid. Medicaid already underpays doctors — it pays about 70 cents on the dollar.*

*At the same time we're also going to cut back Medicare reimbursements. Medicare already only reimburses about 80 cents on the dollar of actual cost. So what we're doing basically is squeezing down payments to physicians.*

*That means that those physicians who are nearing retirement — getting older — are more likely to drop out of the system, or to stop taking certain types of patients. That's going to be a problem.*

*In addition to that if you begin to squeeze back on payments to hospitals, rural hospitals in particular are going to be hard hit.*

*In fact the [Director of the Centers for Medicare and Medicaid Services](#)<sup>[5]</sup>, the government's own [chief actuary, Richard Foster](#)<sup>[6]</sup>, suggests that as many as 15 percent of hospitals could close as a result of this bill. Rural hospitals and inner-city hospitals should be the hardest hit.*

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**Kansas Watchdog: What about rationing of health care?**

**Tanner:** *Health care is rationed because it's a finite commodity. There's only so much money, so many doctors, so many hospitals.*

*The question is not whether health care will be rationed, it's "who's going to make those rationing decisions?"*

*Under most systems the government is in control and they get to make those rationing decisions. They impose that across the board. Individual choice doesn't matter.*

*Under the current system too often insurance companies make those decisions for you.*

*A much better approach is sort of free market health care approach in which we give the money and control to individuals and let them make those decisions for themselves.*

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**Kansas Watchdog: What about the health care "mandate" vs. freedom?**

**Tanner:** *In fact, the government itself, the [General Accounting Office](#)<sup>[7]</sup> went back and tried to find another case in where the government mandated that just by virtue of being an American that as a requirement of citizenship you must do something. And they really found only two. One was the draft and the other is that you pay your taxes.*

*So this is really an extraordinary expansion of that, a requirement that individuals buy a specific product, simply by virtue of being a citizen.*

*If you want to think about what type of power this gives the government, think of it this way: We didn't need a ["Cash for Clunkers" program](#)<sup>[8]</sup> last year. We could simply have ordered every American to go out and buy a new car.*

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**Kansas Watchdog: Advice to Kansas legislators?**

**Tanner:** *One of the most important things that Kansas legislators should realize is that to the degree that they begin to move forward with implementation they undermine the case against the patient protection act. They make it harder for both the Congress and the Courts to strike down or to repeal this legislation.*

*Kansas has accepted grant money under the patient protection act and is moving forward with plans to implement an exchange. Both of those matters make it much more difficult to ultimately do away with this bill.*

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**Tanner** was the guest speaker at the [Greater Kansas City Association of Health Underwriters](#) <sup>[9]</sup> monthly [luncheon series](#) <sup>[10]</sup> on Thursday in Overland Park and discussed the consequences of the federal health care law.

**Beverly Gossage**, the Director of HSA Benefits Consulting in Lawrence, said many agents at the luncheon wanted to know if the exchange was necessary and what the agent's role in the exchange would be. Gossage said, "there are so many unknowns with all of this."

A [health insurance exchange](#) <sup>[11]</sup> is a new organization in theory to be created to be a more organized and competitive market for health insurance. Kansas Insurance Commissioner **Sandy Praeger** <sup>[12]</sup> recently held [vendor presentations about health exchanges in Kansas](#) <sup>[13]</sup>.

Because Tanner was already in Johnson County for the GKCAHU event, [Kansas Policy Institute](#) <sup>[14]</sup> invited all state legislators to a forum with Tanner in Shawnee. About 16 legislators attended the forum.

The legislative forum was closed to media but *Kansas Watchdog* asked two legislators for comments afterward.

Kansas Senator **Mary Pilcher Cook** <sup>[15]</sup> (R, Shawnee) said Kansas Insurance Commissioner Sandy Praeger accepted federal money to start establishing a Kansas health insurance exchange without legislative approval. According to Pilcher-Cook, Praeger received Gov. **Mark Parkinson's** approval to accept the federal funds before he left office in January.

According to a [recent Politico article](#) <sup>[16]</sup>:

*Praeger has quietly applied for every health reform grant related to insurance, meaning the vast majority of Kansas's implementation moves through her office.*

Pilcher Cook would prefer more involvement from the legislature and was a proponent of the [Health Care Freedom Amendment](#) <sup>[17]</sup> in Kansas.

Pilcher Cook explained that Attorney General **Derek Schmidt** campaigned on joining the law suit against the new federal health care law and [did so after taking office](#) <sup>[18]</sup>.

Pilcher Cook thinks "we are undermining our case" in federal court by complying with the federal health care law that [Judge Vinson found to be unconstitutional](#) <sup>[19]</sup>.

State Senator **Chris Steineger** <sup>[20]</sup> (R, Kansas City) says "there's still legal uncertainty" since "some courts have declared Obamacare to be unconstitutional and several have declared it otherwise."

Steineger said he personally takes issue with the mandates. "Mandating working class people to buy a product they cannot afford doesn't really solve the health care problem."

Steineger thinks there is no one "silver bullet" and there needs to be a "multitude of reforms."

Steineger sees three words are key to reforms: consolidate, simplify, and digitize.

"There are too many different government programs that are duplicative and expensive" and Steineger would like to see them consolidated, simplified and streamlined. Steineger said he supports digitizing all medical records.

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**Related:**

- [Lt. Gov. releases Medicaid overhaul ideas](#) <sup>[21]</sup>, *Kansas Reporter*, April 11, 2011.
- [Do you really know what's in the health reform law?](#) <sup>[22]</sup>, Sandy Praeger, Commissioner of Insurance, press release, April 1, 2011.
- [\[Sandy Praeger\]'s a reform leader — and a Republican](#) <sup>[23]</sup>, *Politico*, March 23, 2011.
- [House attempts to sidestep federal healthcare](#) <sup>[24]</sup>, *Kansas Reporter*, March 21, 2011.
- [Health exchange committees will hear vendor presentations](#) <sup>[13]</sup>, Sandy Praeger, Commissioner of Insurance, press release, March 7, 2011.
- [Court grants state request for fast health-care appeal](#) <sup>[25]</sup>, Kansas Attorney General Derek Schmidt, March 14, 2011.
- [Sandy Praeger: Kansans and health care reform](#) <sup>[26]</sup>, *Lawrence Journal-World*, Feb. 20, 2011.
- [Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law](#) <sup>[3]</sup>, Michael D. Tanner, Cato Institute, Feb. 14, 2011.
- [Health Care Freedom in Kansas \(video\)](#) <sup>[27]</sup>, *Kansas Watchdog*, Feb. 2, 2011.
- [A.G. Schmidt statement on Obama/Pelosi health care ruling](#) <sup>[28]</sup>, Kansas Attorney General Derek Schmidt, Jan. 31, 2011.
- [Attorney General Derek Schmidt asks Florida Attorney General to allow Kansas to join lawsuit against Obamacare](#) <sup>[18]</sup>, Kansas Attorney General Derek Schmidt, Jan. 12, 2011.
- [Doctors hold Tea Party in Kansas City](#) <sup>[29]</sup>, *Missouri Watchdog*, Aug. 8, 2010.
- [Overland Park Tea Party in the Snow Against Health Care Bill](#) <sup>[30]</sup>, *Kansas Watchdog*, March 20, 2010.
- [Clash between competing health care rallies](#) <sup>[31]</sup>, *Kansas Watchdog*, Nov. 8, 2009.
- [Doctor shortage creating crisis in rural Kansas](#) <sup>[32]</sup>, KSN, July 23, 2009.

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[1] Image: <http://kansas.watchdog.org/files/2011/04/Cato-Michael-Tanner.jpg>

[2] Patient Protection and Affordable Care Act: [http://en.wikipedia.org/wiki/Patient\\_Protection\\_and\\_Affordable\\_Care\\_Act](http://en.wikipedia.org/wiki/Patient_Protection_and_Affordable_Care_Act)

[3] Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law: [http://www.cato.org/pub\\_display.php?pub\\_id=11961](http://www.cato.org/pub_display.php?pub_id=11961)

[4] Massachusetts, for example, when they put in "Romney Care,": [http://en.wikipedia.org/wiki/Massachusetts\\_health\\_care\\_reform](http://en.wikipedia.org/wiki/Massachusetts_health_care_reform)

[5] Director of the Centers for Medicare and Medicaid Services: <https://www.cms.gov/>

[6] chief actuary, Richard Foster: <http://>

[7] General Accounting Office: <http://www.gao.gov/>

[8] "Cash for Clunkers" program: [http://en.wikipedia.org/wiki/Car\\_Allowance\\_Rebate\\_System](http://en.wikipedia.org/wiki/Car_Allowance_Rebate_System)

[9] Greater Kansas City Association of Health Underwriters: <http://gkcahu.org/>

[10] luncheon series: <http://gkcahu.org/gkcahu-monthly-luncheon-series/>

[11] health insurance exchange: <http://healthreform.kff.org/faq/what-is-a-health-insurance-exchange.aspx?gclid=CKzzy8H7tqgCFQ0J2goddDFuDw>

[12] Sandy Praeger: [http://ballotpedia.org/wiki/index.php/Sandy\\_Praeger](http://ballotpedia.org/wiki/index.php/Sandy_Praeger)

[13] vendor presentations about health exchanges in Kansas: [http://www.ksinsurance.org/gpa/news/2011/Exchange\\_vendor\\_meetings.pdf](http://www.ksinsurance.org/gpa/news/2011/Exchange_vendor_meetings.pdf)

[14] Kansas Policy Institute: <http://www.kansaspolicy.org/>

[15] Mary Pilcher Cook: [http://ballotpedia.org/wiki/index.php/Mary\\_Pilcher-Cook](http://ballotpedia.org/wiki/index.php/Mary_Pilcher-Cook)

[16] recent *Politico* article: [http://www.politico.com/news/stories/0311/51844\\_Page2.html](http://www.politico.com/news/stories/0311/51844_Page2.html)

- [17] Health Care Freedom Amendment: <http://kansas.watchdog.org/6325/health-care-freedom-in-kansas-video/>
- [18] did so after taking office: <http://www.ksag.org/page/attorney-general-derek-schmidt-asks-florida-attorney-general-to-allow-kansas-to-join-lawsuit-against-obamacare>
- [19] **Judge Vinson** found to be unconstitutional: <http://www.scribd.com/doc/47905937/Health-Care-Ruling-by-Judge-Vinson>
- [20] Chris Steineger: [http://ballotpedia.org/wiki/index.php/Chris\\_Steineger](http://ballotpedia.org/wiki/index.php/Chris_Steineger)
- [21] Lt. Gov. releases Medicaid overhaul ideas: <http://www.kansasreporter.org/73130.aspx>
- [22] Do you really know what's in the health reform law?: <http://www.ksinsurance.org/gpa/ccorner/2011-04.pdf>
- [23] [Sandy Praeger]'s a reform leader — and a Republican: <http://www.politico.com/news/stories/0311/51844.html>
- [24] House attempts to sidestep federal healthcare: <http://kansasreporter.org/legislative/current/72383.aspx>
- [25] Court grants state request for fast health-care appeal: <http://www.ksag.org/page/court-grants-state-request-for-fast-health-care-appeal>
- [26] Sandy Praeger: Kansans and health care reform: <http://www2.ljworld.com/videos/2011/feb/20/34111/>
- [27] Health Care Freedom in Kansas (video): <http://kansas.watchdog.org/6325/health-care-freedom-in-kansas-video/>
- [28] A.G. Schmidt statement on Obama/Pelosi health care ruling: <http://www.ksag.org/page/ag-schmidt-statement-on-obamapelosi-health-care-ruling>
- [29] Doctors hold Tea Party in Kansas City: <http://missouri.watchdog.org/1770/doctors-hold-tea-party-in-kansas-city/>
- [30] Overland Park Tea Party in the Snow Against Health Care Bill: <http://kansas.watchdog.org/3176/overland-park-tea-party-in-the-snow-against-health-care-bill/>
- [31] Clash between competing health care rallies: <http://kansas.watchdog.org/1693/clash-between-competing-health-care-rallies/>
- [32] Doctor shortage creating crisis in rural Kansas: <http://www.ksn.com/content/news/extra/story/Doctor-shortage-creating-crisis-in-rural-Kansas/FUdb8thofkqy8uSONko-eA.csp>
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