



Replacing Obamacare

Repeal isn't enough. Republicans need to be ready with alternative plans.

By Michael Tanner

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Somewhere in America today, a Republican candidate for dogcatcher is calling for the repeal of Obamacare. Opposition to the health-care law is perhaps the one issue that unites all the disparate factions of the Republican party — and for good reason.

The law remains extraordinarily unpopular, with opponents topping supporters by nearly 11 percentage points, according to the latest Real Clear Politics average. Millions of Americans were forced to change insurance plans, and others found themselves pushed into smaller networks with few choices of providers. Premiums rose. Businesses, laboring under the higher costs imposed by the law, have slowed growth; many have delayed hiring, or shifted workers from full- to part-time. The potential impact on the quality of care remains troubling.

But, as much as the American people dislike Obamacare, most are less than enthusiastic about returning to the pre-Obamacare status quo. It is important, therefore, that Republicans offer their own alternatives for health-care reform. There are already several such proposals in Congress. But what the Republican candidates for president have to say about the issue will be even more important.

Perhaps no candidate has been more outspoken in opposition to Obamacare than Senator Ted Cruz of Texas, who has vowed to “repeal every word” of the law. Cruz has co-sponsored the Health Care Choices Act, which would allow insurance plans to be sold across state lines as long as they met certain minimum consumer protections. Beyond this, Cruz has called generally for health insurance to be “personal and portable and affordable.” This suggests that he would support proposals to provide the same tax breaks for individually purchased insurance as are currently provided for employer-based insurance. However, Cruz has not yet given any details about whether or how he would do so.

On the other hand, Senator Marco Rubio of Florida has laid out perhaps the most detailed proposal for replacing Obamacare. This is not terribly surprising, since Rubio, who plans to announce for president on April 13, has tried to position himself as the “ideas” candidate. In his book, *American Dreams: Restoring Economic Opportunity for Everyone*, Rubio says that he would provide all Americans with a refundable tax credit that could be used to purchase insurance, while gradually reducing the tax break provided for employer-based insurance. This would transition Americans to a system where they — rather than their employers — controlled

their insurance. Rubio also calls for allowing the purchase of insurance across state lines and for setting up state-run, but federally funded, high-risk pools to assist individuals with pre-existing conditions. Finally, Rubio has been a leader in opposing any bailout of insurance companies that lose money as a result either of Obamacare or of other policies.

Health-care reform has not been nearly as big a priority for Senator Rand Paul of Kentucky, who plans to announce his candidacy on April 7. As a result, Paul has not yet put forward a detailed Obamacare replacement. Still, he has called for expanding health savings accounts by removing the requirement that they be linked to a high-deductible insurance policy. He would also expand the tax-deductibility of health-care expenditures more generally, and allow health insurance to be purchased across state lines. While skeptical of federal tort-reform efforts, he has urged tort reform at the state level.

Former Florida governor Jeb Bush envisions a larger role for the federal government than do the three senators. Last month, Bush told an audience in Iowa that government should “create catastrophic coverage, where there is relief for families in our country, where if you have a hardship that goes way beyond your means of paying for it, the government is there or an entity is there to help you deal with that.” Beyond this catastrophic coverage, Bush wants to see a health-care system that is “consumer directed, where consumers, where patients, have more choices, where they have more of a direct relationship.” Bush is open to subsidies to help people purchase insurance, but believes they should be administered by the states, not the federal government. The same holds for exchanges: If they continue, they should be state-run and noncoercive, giving people more choices. He opposes any employer or individual mandate.

Louisiana governor Bobby Jindal first came to prominence as a health-policy wonk. It’s not surprising, therefore, that he has put forward a detailed alternative to Obamacare. Jindal would move more quickly than other candidates to eliminate the current tax preference for employer-provided insurance, replacing it with a standard deduction for the purchase of individual insurance. He would establish a \$100 billion fund for states to subsidize, over the next ten years, affordable health insurance for low-income people and those with pre-existing conditions. He also supports the sale of insurance across state lines, the expansion of health savings accounts, and calls for greater tort reform. Notably, he did not expand Medicaid in Louisiana.

So far Wisconsin governor Scott Walker has said little about how he would replace Obamacare. He did send a letter to the Obama administration proposing that individuals be allowed to use Obamacare tax credits to purchase any insurance plan sold in their state rather than just those sold on the exchange. Walker also signed legislation expanding health savings accounts in Wisconsin. He refused to expand Medicaid, and he has backed tort reform.

New Jersey governor Chris Christie also hasn’t said much about replacing Obamacare, though he has warned that a Republican alternative can’t just be about repeal. Christie told one audience: “What I’ve said before is, what Republicans need to be doing is putting forth alternatives for what should be a better health-care system.” In which case, it’s a little disappointing that he hasn’t done so. He has described Obamacare as a “failed federal program” and called for giving states a bigger role in health care. On the other hand, he did expand Medicaid in New Jersey, and he has bragged that New Jersey offers the “second most generous Medicaid program” in the

country. As for specific replacement plans, Christie says that what we really need is “a robust debate among both sides.” Um, right. After all, health care has hardly been talked about over the last decade or so.

As a physician, Ben Carson can be expected to have a keen interest in health-care reform. Indeed, his rise to prominence began with his criticism of Obamacare at the National Prayer Breakfast two years ago. He has called for the federal government to fund a health savings account for every American, to the tune of \$2,000 per year. People would be required to use at least a quarter of the federal payment to purchase bridge insurance or catastrophic insurance, and all citizens would have the right to contribute to their health savings accounts from other sources without limit. The program would cost roughly \$700 billion, and would result in universal catastrophic coverage. Once people’s account balances reached a level sufficient to ensure their protection from health-care expenses, Carson would allow them to withdraw the savings for retirement or other purposes. That’s a position that might surprise many of Carson’s more conservative supporters.

Other potential candidates, such as former governors Rick Perry of Texas and Mike Huckabee of Arkansas, have been mostly silent on the issue so far, other than traditional rhetoric about “consumer-based health care.” Perry, of course, refused as governor to expand Medicaid in Texas, and he was a champion of tort reform. Former senator Rick Santorum of Pennsylvania has been somewhat more vocal. He was one of the earliest backers of health savings accounts (though not, as he has claimed, the “father” of the concept). He has also called for allowing the purchase of health insurance across state lines, and has suggested tax credits to help low-income Americans purchase insurance.

In 2010 and 2014, opposition to Obamacare was a potent weapon in the GOP arsenal. (The party fared less well in 2012, when Mitt Romney was uniquely unsuited to criticize the health-care law.) In 2016, Obamacare’s cost and failures should be a problem for Hillary Clinton, who has supported the law while vaguely allowing for the possibility of some “fixes.” However, this will be a problem for her only if the Republican candidate can offer a credible market-based alternative.

The evidence to date suggests that, on this issue, primary voters will have some real options to choose from.

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