

NATIONAL REVIEW

A Health-Care Plan the GOP Could Get Behind

The GOP needs an alternative to Obamacare. Rand Paul's plan is a good start.

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Like the proverbial dog that caught the car, Republicans in Congress are finding out that repealing and replacing Obamacare is a wee bit more difficult than their campaign slogans suggested. It is not, as Democrats suggest, that the Republicans have no plan — there are plans of virtually every stripe, from straightforward repeal to Obamacare Lite — but they have so far been unable to reach consensus on a proposal that is both good policy and politically palatable.

Now, however, Kentucky senator Rand Paul may have come up with a proposal that could offer a way out of the political corner Republicans have been painting themselves into. From the start, Paul has argued against proposals to set a sunset date for Obamacare today and come up with a replacement later. Paul wants to repeal Obamacare root and branch, of course, but he also wants Republicans to offer a replacement plan on day one. Democrats may block it, but then the political fallout will be on them.

Paul's proposal draws liberally from the best ideas in other Republican plans, while avoiding many of the pitfalls that make some of those plans unworkable. He would, for example, dramatically expand health savings accounts (HSAs). HSAs shift control of health-care spending from employers to employees. Paul's expansion would allow much larger tax-free contributions to these accounts, and would allow them to be used for a wider variety of health-related expenses, including insurance premiums. That would mean that you — not your boss — would be able to choose your insurance plan. Expanded HSAs would also mean increased portability for health insurance. Because you could use your HSA to pay your premium, you wouldn't be as likely to lose your insurance if you changed or lost your job.

This would replace many of the subsidies in Obamacare without the dangers of government-designated insurance inherent in some of the tax-credit proposals that some Republicans have backed. (If the government offers a credit for insurance, it has to define what insurance qualifies for the credit.)

Paul would also greatly expand competition and choice in the health-insurance market. He would expand association health plans and allow individuals to purchase health insurance through non-traditional groups, such as churches and civic associations. In theory, any person who wanted to purchase group insurance would have the opportunity to do so. And he would legalize the purchase of health insurance across state lines, challenging both the insurance cartels and overzealous state regulators, while allowing individuals to shop for the best price and quality they can find.

Importantly, Paul avoids one of the most significant pitfalls of many Republican plans by not retaining Obamacare's pre-existing-condition rules. These provisions, which prohibit insurers from denying coverage or charging more to people who are already sick, are among the few popular parts of Obamacare. Yet they are also the reason behind some of the most damaging and unpopular provisions, such as the individual mandate.

Some Republicans are discussing ways to preserve the pre-existing-condition requirements as long as a person maintains continuous coverage, or creating an open-enrollment period during which the rules apply. But those proposals would still encourage people to game the system, jumping to more comprehensive plans or those with the best specialists after they become sick, knowing that insurers could not refuse them or increase their premiums. If Republicans simultaneously eliminate the mandate, this will only accelerate the adverse-selection death spiral that is already besetting Obamacare.

Paul would eliminate the pre-existing-condition regulations altogether (after a transition period), while his other reforms would significantly reduce the number of people who genuinely cannot buy health insurance because of a pre-existing condition. For those who still need help, Paul envisions responsibility for covering them being shifted to the states, possibly in conjunction with proposals to block-grant Medicaid.

This would give states the freedom to experiment with ways to cover people who are unable to buy their own insurance for whatever reason, whether pre-existing conditions or low income. Importantly, it prevents a small number of high-cost cases from distorting the rest of the insurance pool. It wouldn't try to insure the uninsurable, but would provide their health care more directly. After all, it is health care that counts, not health insurance.

One can be forgiven for thinking that the last thing Republicans need right now is *another* health-care plan. And Senator Paul's plan is certainly not perfect; there are nits to be picked. But it may well offer Republicans the best road map they can find out of the wilderness they have been wandering in.

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