

# The Daily Record

## Republican Plan Needs Work

Michael D. Tanner

March 14, 2017

Replacing Obamacare should have been a low bar. The health-care law did expand coverage, but by less than most accounts would lead one to believe. Of the roughly 20 million Americans who have gained coverage under Obamacare, nearly 11 million are on Medicaid, which provides little of actual value in terms of care.

This small benefit came at the expense of virtually destroying the individual insurance market.

Obamacare is teetering on the edge of a death spiral. As premiums rise, healthier consumers are abandoning the market. Without a pool of healthy people to offset the costs of the sick, insurers are forced to raise premiums still more, beginning the cycle anew.

Voters understand all of this. The latest NBC/Wall Street Journal poll showed that fully 95 percent of Americans want the law changed or eliminated, and more than half believe either that it needs a “major overhaul” or that it should be “totally eliminated.”

In other words, health-care reform may be complex, but Republicans could have hardly asked for an easier target. Unfortunately, given every opportunity to hit it, they have missed.

First, rather than having a proposal ready to go on Day One of the Trump administration, they dallied, allowing Democrats to stir protests at town halls and seize control of the media narrative. Then, they put their plan together in secret, keeping much of the Republican rank-and-file in the dark. There was little or no input from groups such as the House Freedom Caucus. It's little wonder the plan that resulted is already facing opposition from both moderates and conservatives.

Rather than embracing free-market reforms — which might have been politically challenging but would have led to lower health-care costs, greater consumer choice, and, eventually, expanded access to care — the Republican plan is essentially an effort to split the health-care baby in two.

There are certainly some good ideas in the Republican plan, including the expansion of health savings and flexible spending accounts and the first glimmers of Medicaid reform. But it would also retain some of Obamacare's disastrously unworkable (if also popular) provisions, most notable among them the requirement that insurers cover people with preexisting conditions.

The only effective way to deal with preexisting conditions is to take uninsurable people out of the traditional insurance pool altogether, through either state-based high-risk pools or a revised Medicaid program.

The meat of the Republican plan is its provision of refundable tax credits to subsidize insurance, and on this we should be clear: Such credits are little more than a disguised entitlement program. These subsidies will blow a hole in the federal budget and lead to higher health-care costs.

None of this is to say that the Republican plan would not be an improvement over Obamacare. After all, it could hardly be worse. But those of us who believe in free markets and individual choice expected more.

*Michael Tanner is a senior fellow at the Cato Institute (cato.org) in Washington.*