

AMSPECBLOG

Against Prescription Drug Bill

By Quin Hillyer on 5.18.09 @ 2:37PM

Jim, I don't think the prescription drug bill was quite the either/or thing that Jerry Taylor and Ramesh Ponnuru make it out to be -- but I side more with Taylor than with my friend Ramesh on this one.

The bill was a monstrosity. Way too expensive, without nearly enough reform. And it was passed, of course, only through some serious cheating by DeLay, Hastert, the White House, and their allies during a vote from 2 a.m. to 5 a.m. -- almost 2 hours and 45 minutes longer than appropriate. No conservative should EVER have voted for it, no matter WHAT the political consequences.

But here's the deal: There WERE two good parts of it. One expanded the availability of health savings accounts. The second allowed for competition among insurance providers, rather than providing a government "option" which would soon have gobbled up the market at the expense both of higher total costs and serious rationing. One of the biggest wins of free-marketeers in the past few years was the successful effort to ward off the government option when congressional Dems tried to implement it several years later, in 2007. (Full disclosure: I was a paid consultant on getting the message out against the Democrats' efforts on that front.) The market approach to providing the drug insurance has saved well over a hundred billion taxpayer dollars while helping provide premiums WAY below (by as much as 40%) the premiums that the Dems themselves said would occur WITH the proposed government option.

But therein lies the rub: The market approach WORKS, and Republicans/Bush should have made market reform of Medicare AS A WHOLE (not just on pharmaceuticals) the price of ANY new entitlement to prescription drugs through Medicare. In other words, even if Ramesh (and Jim Antle) are right that voters would have punished Republicans at the polls if they failed to enact a prescription medicine plan within Medicare, that does NOT mean that it had to be THAT PARTICULAR PLAN.

Nobody can prove this, of course, but my political sense of what's possible has proved far more accurate than not in the past -- and I am convinced that if the GOP had voted down the package that passed, they could have then returned and included more market reforms for Medicare as a whole -- not just for prescription drugs -- in a second bite at the apple.

In other words, not only would the drug portion of it be designed to promote effective,

cost-saving, consumer-friendly competition, but Medicare as a whole could have been made to include AT LEAST some pilot projects to let market forces operate more freely. Check out the [Breaux-Thomas Commission's reform proposals](#) in the late 1990s -- with Bobby Jindal acting as executive director of the commission, by the way -- and see what I mean. Combine those market reforms in the whole system with the market aspects of the drug benefit AND with the expanded HSAs that were a welcome side agreement of the drug benefit, and all of a sudden the entire health care landscape (and budgetary landscape) might have been changed very much for the better.

Skeptics will say this was not politically doable. I say that's only because the White House strategists and congressional strategists were so inept. The Reagan White House could have accomplished it. It's all in how you frame and sell the issue and all in how you play the internal politics (and the legitimate horse-trading).

We'll never know whether I am right about the politics of it. But if the politics are uncertain, and the principle strongly argues against providing a new entitlement without broader systemic reforms, then you MUST go with principle and oppose the bill. Republicans who did otherwise were sell-outs, cowards, or asleep at the switch.

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