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Restricted Medicare Vouchers Resemble Nanny State



by Romina Boccia
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Observing the intensity with which liberals oppose Paul Ryan's proposal to reform Medicare, could lead one to conclude that Ryan's plans of converting federal Medicare funding into block grants are a liberal's worst nightmare. Yet, [Reason's Shikha Dalmia](#) writes that Ryan's plan appears to be more of a compromise deal than it first appeared, because the "vouchers" offer seniors only restricted choices from a "tightly regulated federal exchange." Dalmia suggests that this arrangement resembles aspects of the Nanny State, which is an outgrowth of liberal politics.

[Emphasis added]

RyanCare's supporters, such as Cato Institute's Michael Cannon, argue that vouchers will diminish the lobbying game. Right now, a pincer movement of patients and providers combats every cut that affects either group, he argues, but under RyanCare, providers will have less incentive to lobby for bigger vouchers, because they won't necessarily get the additional money. That's true. However, insurance companies selling coverage to seniors will have a bigger incentive to lobby harder, since the money will go to them.

Still, a properly constructed voucher would control costs by prodding patients to consume fewer medical services and shop around for those that they do. And Rep. Ryan's original plan in his Roadmap for America's Future would have done something like that. Under it, every senior would be handed a minimum of about \$11,000 in inflation-adjusted dollars and would have great flexibility in deciding which insurance plan to buy. (Sick and poor seniors would get a bigger voucher than healthy and rich ones.) Because the voucher amount would be lower than the cost of most Cadillac plans, seniors would shop around for lower-priced, high-deductible plans with built-in disincentives against overusing routine care for minor illnesses.

But Ryan's current plan does not offer vouchers in a traditional sense, it offers - to use its own words - "premium support." This means that seniors won't actually get any money in their hands. Rather, the government would apply its share, means-tested according to the income and health status of patients, to an insurance plan that seniors pick from a "tightly regulated federal exchange." It is politically inconceivable that this exchange would allow plans that are not larded with every benefit under the sun. Witness all the state patient bills of rights requiring that plans cover everything from "hair prostheses" to in-vitro fertilization (although it is hoped that most seniors won't be needing the latter).

This will mean two things, both of which will undermine cost containment: One, the greater the gap between what seniors can afford and what is available on the exchange, the more intensely they will lobby for additional funds. Indeed, RyanCare will replace the "patient-provider pincer" with the "patient-insurer pincer." Two, if seniors' shopping options are restricted to bureaucratically sanctioned plans with a standard set of benefits, insurance companies won't have room to fully compete on prices, eviscerating the market mechanism that is key to cost-containment in vouchers.

But why did Rep. Ryan back away from his original voucher scheme? The reason is politics, or, more specifically, liberal politics. If he simply handed seniors a voucher to do what they please, some would, no doubt, make poor choices and find themselves without adequate coverage when they need it. This would contradict the entire liberal Nanny State project, whose whole goal is to save people from themselves.

However, unless liberals abandon this missionary mentality and let people face the consequences of their choices - especially after society has taken extraordinary steps to help them - there will be no end to what society will be on the hook for. At some point, individuals have to be allowed to take responsibility for their own medical destiny.

[Read more here.](#)

Politics is the art of compromise, with the result that [the interests of the general, unorganized public typically are compromised by political compromise.](#)

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