

THE RIGHT PRESCRIPTION

The Health Care Liberation Movement

By Peter Ferrara on 3.24.10 @ 6:08AM

In 1992, the Cato Institute published the book *Patient Power*, by John Goodman. That book proposed sweeping, fundamental reforms to maximize patient power and control over their own health care. Goodman, myself, and many others have worked on implementing such reforms ever since, with some substantial success over the years.

Last weekend, the ultra-left President Obama, the far-left House Speaker Nancy Pelosi, and the easily confused Senate Majority Leader Harry Reid led enactment of just the opposite. We could rightly call it *Government Power*. Anyone who doesn't understand that it is a complete government takeover of health care is not living in the real world.

Gain Health Coverage, Lose Health Care

The most severe problem in the bill is that while it tries, but fails, to extend health insurance coverage to everyone, in the process it trashes the ability of the health care system to provide the highest quality, most advanced health care to the sickest and most in need of such care. This includes those suffering with cancer or heart disease, senior citizens, highly vulnerable premature babies, the disabled, and others.

Reflecting the thorough government takeover of health care, the bill creates close to 100 new government bureaucracies, boards, commissions and programs with the power together to tell doctors and hospitals what health care they can and should provide, what are supposedly the "best practices" for treating specific illnesses and conditions, what works in health care and what doesn't through the concept of "comparative effectiveness," even who should and shouldn't receive what health care through the concept of "cost effectiveness."

You and your doctors should be making all of these decisions together, based on the medical studies and knowledge of your doctors. A faraway federal bureaucracy in Washington that doesn't even know you doesn't, won't and can't have the information necessary to make these judgments, nor the same interest in your well being as you and your doctor. Medical care must be provided on a case-by-case basis depending on your specific condition and the care you need, not through uniform rules for everyone made by central planning bureaucracies in Washington that will always be behind the latest

developments. Moreover, the government should not even be involved in making decisions as to who gets what health care and when, and even who lives and who dies. That is not liberalism, it is fascism.

The government then enforces these central planning dictates under Obamacare through the payment system for doctors, hospitals, specialists, surgeons, drug companies, medical technology manufacturers, and others, through such concepts as "pay for performance," sharply limited "global budgets," and "accountable care." Those who follow the dictates get paid the best, those that don't don't. The enacted legislation even includes a provision that penalizes with lower payments the top 10% of doctors who spend the most in Medicare funds in referring their patients to specialists, giving them a powerful incentive contrary to the interests of their patients. New, advanced, innovative medical technology is also disfavored. All of this again involves still more government takeover and control of health care.

The health care system will then be further trashed by constricting the overall resources flowing into it for payments for health services, treatments, and care. This is reflected in the severe Medicare cuts in the enacted legislation, and whatever is adopted in Medicare will soon be adopted throughout the entire health care system. President Obama crisscrossed the nation proclaiming that his massive new socialized medicine entitlement would actually reduce the deficit as scored by CBO, by close to \$100 billion over the first 10 years, and close to a trillion over the second 10 years. But scouring through CBO and House and Senate Budget Committee documents reveals that this ballyhooed CBO score is based first on a 21% cut in payments to doctors and hospitals under Medicare, growing to \$2 trillion in Medicare cuts over the second 10 years. The legislation even raids Social Security to reduce the deficit as scored by CBO.

As Dick Morris explains on his [website](#), such Medicare cuts would create havoc and chaos in health care for seniors. Doctors, hospitals, surgeons and specialists providing critical care to the elderly such as surgery for hip and knee replacements, sophisticated diagnostics through MRIs and CT scans, and even treatment for cancer and heart disease will just shut down and disappear in much of the country, and others will just stop serving Medicare patients. If the government is not going to pay, then seniors are not going to get the health services, treatment and care they expect. Yet, there was the spectacle of the President, and fellow Democrats, touting fantasy deficit reductions all across America, without mentioning that they result from assumed Medicare cuts totaling \$2.5 trillion over the next 20 years.

If the ruling Democrats back off from these cuts trashing Medicare, then the deficits soar, by at least \$500 billion in the first decade, and a trillion in the second decade. In truth, the costs of all the entitlement promises of Obamacare will turn out to be at least 2 to 3 times current estimates, resulting in even higher deficits and debt.

Finally, all of this trashes the critical incentives for investment in development of new medical innovations, life-saving, miracle-cure drugs, and new technologies based on the latest developments in medical science. With today's latest pacemakers, your doctors can monitor your heart online, and even call to alert you to go for immediate care when a heart

attack is imminent. Such modern advances cost a lot of money to develop. But who is going to undertake the necessary investment when adequate compensation is doubtful under Obamacare? Who is going to invest in expanding or even maintaining hospitals, clinics, and other medical facilities under these conditions?

The proof is in the pudding. When the Premier of Newfoundland, Canada needed heart surgery, he said, "This [is] my heart, my choice, and my health. I did not sign away my right to get the best possible health care for myself when I entered politics."

He went to find that best possible health care in Miami, rather than in the Canadian "single payer" health system so beloved by our foggy minded, starry eyed socialists. When their own lives are on the line, suddenly they are clear eyed and understand.

Health Costs in the Age of Aquarius

The thorough government takeover of health care continues with the individual mandate forcing you by law to buy the health insurance plan the government insists you must buy. The penalty for not complying is now a new 2% income tax, with a minimum of \$1,000 per couple. If you don't pay the penalty, then you go to jail. During the 2008 campaign, President Obama promised,

I can make a firm pledge. Under my plan, no family making less than \$250,000 a year will see **any form** of tax increase. Not your income tax, not your payroll tax, not your capital gains taxes, not **any of your taxes**.

But what has been adopted at a minimum is now a new 2% income tax burden on everyone making less than \$250,000 a year.

You can't really escape that burden by buying the mandated insurance, because that will cost far more, especially with all the new, politically correct, government mandated benefits and regulation, which will cause health insurance premiums to soar. Mathematically transparent studies from WellPoint and America's Health Insurance Plans (AHIP) show that premiums in the individual insurance market will double on average, tripling for some young workers getting a good deal under the current system.

President Obama and the ruling Democrats know that their mandated insurance will be quite costly. That is why they adopt the new health insurance subsidies for families earning up to \$88,000 per year. But even with those subsidies, the result will still be more a more costly burden than even the penalty for most families.

Moreover, the insurance subsidies are not free. That is what the higher taxes and Medicare cuts are for. And the burden of higher taxes will be felt by everyone through lost jobs, lost opportunities, lower wages, and a weaker economy. The employer mandate is to require employers to provide the mandated insurance for all employees, or else pay a fine of \$2,000 to \$3,000 per worker. In response, lots of companies that do not now provide insurance will dump workers, forego future wage increases, and short-circuit expanded hiring.

For companies that do provide health insurance for their workers today, with even more rapidly rising premiums under Obamacare, the fine for dumping that insurance will look increasingly like a better deal. That is why the expert Lewin Group estimates that close to 20 million workers will lose their employer provided health insurance under Obamacare, and even the Democrat-run CBO admits it will be at least half that. Rest assured, it will be even more. Why provide health insurance for your employees when they can get taxpayer subsidies for it on their own under Obamacare, and you can save money by dumping the whole headache? That is just one big reason why Obamacare will end up costing so much more than expected, with resulting deficits so much higher.

The President kept campaigning for Obamacare saying if you like your current health insurance you can keep it, long after it was obvious to everyone that was not true, even more so for the millions of seniors who will now lose their highly beneficial Medicare Advantage plans, as the Medicare Chief Actuary has admitted. *Reason* magazine editor Jacob Sullum understands the reality of the Age of Obama far better than anyone in our party-controlled national media, recently telling his readers, "From now on, when you hear Obama speak, replace 'let me be clear' with 'let me lie to you' and see if it makes more sense."

Be forewarned, Obamacare and its full effects are phased in very slowly over many years, so these disastrous results will be slowly phased in as well. That is by design, because the Obamanistas know this is all true, and want socialized medicine to be firmly ingrained in American society before the people realize what is happening. But as of right now, barring a rescue for our country, the American Dream and traditional American prosperity dating back almost 300 years to colonial days are dead. America is on its way to becoming just another country, like Greece, as President Obama told a European audience last year.

The Patient Power Alternative

I don't believe in human suffering. The greatest tragedy in all this is that we could have had at modest cost a true safety net for the uninsured guaranteeing everyone access to essential health insurance and care, without a government takeover of health care, the trashing of our health care system, skyrocketing government spending, deficits and debt, and soaring health insurance premiums. We could have had this, and can still have it, while expanding patient power and control over health care, vastly improving health coverage for the poor, and reducing costs and government burdens, through the Patient Power alternatives.

That would start by reforming Medicaid, which so badly underpays doctors and hospitals that 40% or more won't even take Medicaid patients, and they suffer worse health outcomes as a result. As part of broader reforms to return welfare safety net programs to the states, Medicaid should be transformed to provide vouchers to help pay for health insurance for those who can't afford it on their own. Those receiving assistance would then be freed to choose their own health coverage, including Health Savings Accounts (HSAs) that maximize patient choice and control. The poor would consequently enjoy vastly improved health coverage, with the same health care as the middle class, because they would be free to choose the same health insurance as the middle class.

Those with costly pre-existing conditions should be assured of essential coverage and care through uninsurable risk pools, which would not involve the soaring premium increases for everyone else that will now be produced through the Obamacare regulatory burdens of guaranteed issue and community rating.

Moreover, the entire Medicare program should be turned into one giant Medicare Advantage option, with seniors free to choose their coverage from a full range of alternatives, including, again, HSAs. Working people should be free to choose to save and invest Medicare payroll taxes in their own personal accounts instead, financing an annuity in retirement that would help pay for health coverage of their choice.

Working people should enjoy the same tax advantages for health insurance as their employers, freeing them to choose their own health coverage, rather than leaving them stuck with the choice of their employers, which may be what is best for the company rather than the workers. Among those choices should be expanded HSAs, where workers and patients would be empowered to choose and control their own health care out of the HSA funds which they directly own and control, with catastrophic health insurance backing them up for high cost medical problems. HSAs have been proven by experience to provide real, effective, market incentives to control costs, with workers and their families directly reaping the savings for their future. Insurance companies should not have the power to choose and deny health care for their customers, unless patients explicitly choose that alternative as with an HMO. HSAs would give workers a real alternative where they have the power and control, not the insurance company.

Freedom of choice and competition to reduce costs can be further expanded by allowing interstate sales of health insurance, creating a competitive national market as in other forms of insurance. Costs can and should be further reduced through tort reform and repeal of unnecessary state regulatory burdens.

Why did Obama and the Democrats refuse to even consider this course? Because, as *Investors Business Daily* explained yesterday, "Obamacare is not really about health care at all. It's all about who pays for it and who controls it." The point of Obamacare was always precisely the government takeover of health care, to expand the Democrats' welfare state political machine with even more government dependent voters, which has been the model for Democrat party politics going back to Tammany Hall in the 19th century. Patient Power? Good God, that is just exactly the opposite of what they are after, with free, independent workers and patients in control of their own lives

Those, including some free market conservatives, who are saying Obamacare's socialized medicine entitlement can't be repealed are doing the counterrevolution a disservice, and are themselves behind the times. In 1988, Congress enacted an expanded entitlement in Medicare catastrophic health coverage that was also paid for largely by seniors. A national senior rebellion forced a Democrat-controlled Congress to repeal the new entitlement as the first act of the new Congress in 1989. The great delay in the implementation of Obamacare enhances the opportunity for repeal. So does the counterrevolution against Obamunism in general.

Moreover, sweeping, fundamental reforms are coming for our entire, unaffordable, entitlement system, including Social Security and Medicare. This is not 1935 or 1965, despite what outdated Democrats and their freeze-dried minds may think. What we are suffering in America now is the last gasp of the international Left that was decisively defeated in 1989. America is not going back to the 1930s while the rest of the world goes forward into the 21st century, Barack Obama and Nancy Pelosi to the contrary notwithstanding.

Repeal Obamacare, and adopt Patient Power instead. That is the agenda of the Health Care Liberation Movement.

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