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Mandatory purchase of health insurance becomes an issue

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Michael Sertic, a college senior studying economics, is young and healthy, and he doesn't want the government forcing him to buy health insurance.

He is among a group of people on both the right and the left ends of the political spectrum who object to proposals in Congress that would compel nearly every American to buy health insurance or face a fine.

"I happen to believe it's unconstitutional. Government shouldn't be forcing someone to pay for someone else's health care," said Sertic, 24, a member of Students for Liberty, a club at California State University, Sacramento, that espouses libertarian values.

The so-called individual mandate, a centerpiece of the sweeping effort to overhaul the country's health care system, seemed a nonissue during most of the early debate just months ago, but in recent weeks it has emerged as another obstacle in the effort to pass legislation providing health insurance to millions of Americans who lack it.

Libertarians condemn compulsory health insurance as unconstitutional, while some liberals argue that it would further allow insurance companies to hold consumers hostage to ever-increasing premiums. That's particularly true, they say, if the final health care legislation does not contain a "public option," or government-run health insurance program, that could provide competition to private insurers.

Insurers, though, support the individual mandate. They say they already have made major concessions in the health care legislation, including a requirement that they issue coverage to anyone regardless of medical history. Mandatory insurance is necessary, they argue, to spread the burden of paying for health services that will surely result from having to cover the country's least healthy.

The individual mandate is just one component of the legislation, which also proposes payroll taxes on employers to help fund subsidies for uninsured people who cannot afford premiums on their own. Proposals in the House and Senate would not require people with extreme financial hardship to buy health insurance.

People who fail to purchase insurance, either through an employer or a proposed government-run insurance marketplace, could be subject under the House bill to a penalty of as much as 2.5 percent of their income. The Senate proposes penalties

between \$750 and \$2,250 a year, depending on income and family size, according to an analysis by the Kaiser Family Foundation.

Some supporters of the health care legislation aren't wild about the individual mandate but say they're willing to accept it to pass a bill that would extend coverage to most of the nation's 46 million uninsured.

"We're still skeptical of the individual mandate. The individual should not be left alone at the mercy of the big insurers," said Anthony Wright, executive director of Health Access California. "But it has less to do with the mandate itself than to the question of whether coverage is available, adequate and affordable."

Wright sees an opportunity to bring relief to the uninsured. "The question is: Is this bill better than the status quo right now? I think it is."

Just three years ago, during a failed campaign by Gov. Arnold Schwarzenegger to overhaul the state's health care system, Wright actively lobbied against a portion of the governor's plan that would have required every Californian to purchase health insurance. At the time, he called it "unwise, unwarranted, unworkable."

But Wright and other consumer advocates signed on to the effort after the governor cobbled together compromises that partly addressed issues of access and affordability.

That legislation died when liberals and conservatives in the state Senate found provisions of the legislation they couldn't accept.

"They had trouble accepting something in the middle," said Lucien Wulsin Jr., director of the Insure the Uninsured Project and co-author of a background paper on the individual mandate for the California Research Bureau.

Wulsin said a similar dynamic could surface in Congress, endangering the federal legislation as it nears completion.

"When push came to shove here in California, the liberals who really wanted a Canadian-style single-payer system came together with the conservatives," Wulsin said, and they defeated the compromise deal brokered by the governor and legislative leaders.

In recent months, some early backers of the national health care legislation have turned on the effort - including Jim Dean, who heads Democracy for America and wants the individual mandate stripped.

His brother, former Democratic presidential candidate Howard Dean, a Vermont physician, now opposes the legislation as well, saying that the absence of a government-run health insurance plan would mean business as usual.

Others are taking a more pragmatic stand.

"Our work now is to make this bill, in these final throes, as good as possible," said Jerry Flanagan of Consumer Watchdog, a left-leaning advocacy group.

"If the public option is off the table, you have to have strict regulations on what health insurance companies can charge - or the individual mandate becomes a profit machine for the industry," Flanagan said.

Flanagan would like to see a cap on what insurance companies charge. And he wants insurers to have to justify rate increases, similar to what California's

Proposition 103 required for automobile insurers.

While the legislation lays the groundwork for greater oversight, Flanagan said, it is currently short on specifics.

Consumer advocates worry that the insurance industry may be able to pull off a hat trick: legislation that forces individuals to buy insurance, no competing public option, and the pre-emption of state consumer protection laws that go beyond proposed federal rules.

"They've already got the individual mandate, no public option," said Flanagan. All that's left, he said, is a provision that will allow them to "ignore state laws."

Still, insurers aren't satisfied with the legislation, either.

America's Health Plans, the health insurance industry trade group, opposes both versions now in Congress.

"None of the current bills do enough to bend the cost curve," said the group's spokesman, Robert Zirkelbach.

Insurers want stronger penalties against those who refuse to buy insurance, saying that the business model would fall apart if too many people decline to buy coverage until they get seriously ill.

"Without a personal coverage requirement, there's an incentive for people to wait until they're sick to buy coverage," he said. "Health insurance only works when everybody buys into it when they're healthy and when they're sick."

The **Cato Institute**, a free-market think tank, calls the individual mandate an unprecedented power grab that requires consumers to buy a product they may not want.

That view dovetails with Sertic's perspective. The college libertarian says the individual mandate would just shift the cost of medicine from the sick to young, healthy people such as himself.

"Young people would be paying disproportionately for health care because they are the least likely to reap the benefits," he said.

Sertic said health insurance is not a priority for him at the moment, although he knows he'll eventually need it. "The odds of me getting ill are very slim."

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