OUR VIEW: Health bill: Now the real dealing begins

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Finally ending what has been one of the more excruciating legislative episodes in recent history, the Senate Finance Committee, after months of debate and negotiation on health care legislation, voted 14-9 (with Maine Republican Olympia Snowe voting "yes" but not promising how she will vote on final approval) to approve what is universally called the Baucus bill, after committee chairman Max Baucus of Montana. But the real battles may have just begun.

The Baucus bill is now slated to be merged, in closed-door sessions presided over by Senate Majority Leader Harry Reid, with another bill passed by the Senate Health Committee to produce a bill all senators can vote on on the Senate floor. Meanwhile on the House side, where three committees have produced three different bills, work has begun on merging them.

The major difference in the proposals is that the Baucus bill does not contain a "public option" – a government-run "insurance" company to compete with private insurers – while all the others do. It would mandate that almost all Americans buy health insurance, limits deductibles and co-payments (which would virtually outlaw Health Savings Accounts, a promising innovation) provides federal subsidies for some Americans, expands Medicaid and outlaws rejecting applicants for insurance because of pre-existing health conditions. It would be paid for by new taxes on insurance companies and on "Cadillac" insurance plans, and cuts to Medicare providers.
Although most of the media see some kind of legislation as inevitable this year, it is far from a done deal. Now that the suspense over the Senate Finance vote is over, the contradictions in the bills and the effects on various constituencies are becoming clearer.

The first problem relates to the real cost of any bill that promises to insure tens of millions of Americans and reduce overall health care spending. The Baucus bill was able to pencil out at "only" $829 billion over 10 years by offloading numerous costs onto states and the private sector. And the promise of savings in Medicare is almost certainly ephemeral. Under current legislation, payments to Medicare providers already have been subject to decreases, but every year Congress has decided not to make those cuts. The likelihood that Congress would choose to alienate seniors by doing so in the future is low to say the least.
As Michael Cannon of the libertarian Cato Institute pointed out to us, "universal coverage is so expensive that Congress can't get there without taxing Democrats." Many of the holders of expensive "Cadillac" insurance plans are union members, a key Democratic constituency. West Virginia Sen. Jay Rockefeller is adamantly opposed to taxing those plans, which would hit coal miners hard.

Alternately, a so-called "millionaire's tax" on high-income consumers would hurt numerous small businesses. Moderate and conservative Democrats, without whom the Democratic majorities in Congress would be shaky or nonexistent, generally oppose such taxes.

Meanwhile Medicare, the government's premier health care program, is headed for insolvency in six to nine years. Nothing in any of the proposals solves this problem, and some proposals would make it worse.
It is also dawning on many Americans that the reforms proposed in Congress amount to

redistributing health care, meaning that some people – significantly, seniors on a Medicare program already tottering and health care providers – will get less care than they get now.

That's one reason American Health Insurance Plans, the lobby for the country's health insurance providers, which had initially cooperated closely with the White House, came out with a study predicting that the bills currently in play would increase health care costs and insurance premiums more than if nothing were done.
If health "reform" in its current form eventually dies in Congress this year, that would hardly be a tragedy. It would be an opportunity to rethink the system, recognize that the problem is not too little government involvement but too much, and develop proposals that might actually have a chance of reducing health care costs.

Tort reform, putting a lid on medical malpractice awards, would be one approach. Allowing people to buy insurance across state lines would be another. Letting individuals take the same tax deductions for health insurance that businesses are allowed would be another.

When you're on the wrong road, stepping on the gas seldom fixes things. Instead, let's look for savings that first would make health care more affordable, give those reforms some time to work, and consider more far-reaching reforms later.