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## Free-Market Health Care: The Sound of Silence

By Jane Norman, CQ Staff

*Part Three of a Special Report From CQ HealthBeat*

When free-market advocates gathered recently for a conference call to discuss the coming health care debate in Congress, the outlook was so grim it drove one participant straight to his computer to lament the situation.

“I have never seen the free-market proponents in a debate as discouraged as they are over health care,” Greg Scandlen, a health expert at the Heartland Institute, wrote on the group’s Web site. The bleak mood, he said, was compounded by the fact that “there was no unity. Everyone has his or her own pet peeve in health care and is uninterested in unifying around a theme.”

Interviewed later, Scandlen had few kind words for Republicans in Congress, who would seem to be natural allies. While they are often criticized for being too ideological, he said, they have displayed no ideology on health care, and not even much real interest. “They are virtually useless,” Scandlen said. “There are a few bright lights, but not many.”

As momentum builds for government intervention in the health care system, it is a lonely place in the school of laissez faire. Minority Republicans and their allies in the conservative and free-market policy world are left scrambling to have some sort of impact. Among the strategies they are trying is a new message. The phrase “market-based” tends to be a non-starter. Frank Luntz, a Republican expert on message, has advised House Republicans to focus on talking about doctors and patients rather than using words such as “free market” and “private.”

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But majority Democrats are trying to move ahead with plans that are decidedly “public,” including a government-sponsored health insurance option. Free-market policy groups pan it as an approach doomed to failure, predicting it will eventually force most people into a single government-run program with huge subsidies for the middle class. They recoil at the idea of play-or-pay mandates for health insurance coverage — making employers provide insurance or pay a penalty — and at the idea of increased regulations.

The challenge for free-marketers is that even those most opposed to government intervention believe that some policy change is needed in health care. “I think there is that consensus that our health care sector is in need of substantial reform,” said Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank. “I’m pretty sure there is not a consensus it needs comprehensive reform, or the types of reform Democrats are talking about.”

Another challenge is moving beyond the accusation that they are only saying no. The problem is that conservatives have not rallied around one or two ideas. Some want tax credits or other incentives, for example, to go directly to consumers who buy insurance and more rewards and incentives for “healthy lifestyles.” Some like health savings accounts and high-deductible or catastrophic-only plans, which they say have been growing in popularity in recent years.

The Cato Institute has promoted a plan for health status insurance, in which consumers buy special policies to guard against high premiums produced by an accident or catastrophic illness. Other policy makers are waiting for the health care drive to fail at some point in the legislative process, particularly if a public plan is included, in the hopes that alternatives get another look.

“It’s very difficult in this environment to try to break through when the people setting the agenda have very different ideas from your own,” Cannon said. Still, Cato pushes on, publishing papers, sponsoring events on the Hill and writing newspaper op-eds.

### Focus on the Individual

While there’s no one plan that Republicans are uniting behind, there’s a common focus on individuals rather than economics.

Stuart M. Butler, vice president for domestic and economic policy studies at the conservative Heritage Foundation, said the consensus behind significant action is an element of the debate that has changed since the Clinton administration attempted an overhaul.

“The danger always in health care is that even though there can be consensus, you can have ideas that really could disrupt that consensus very quickly,” Butler said. Some issues can be addressed easily, while others, he said, can be “real deal breakers.” He views a government-sponsored option, for example, as a deal breaker. At a recent Senate Finance round table on health policy, he recommended that lawmakers adopt a national plan similar to the Federal Employees Health Benefits Program. There would be no public plan alternative or standard benefits package, but rather a requirement for broad categories of coverage such as emergency care.

Butler also recommended that the federal government allow states or regions to set up insurance exchanges — an idea that has captured interest on both sides of the aisle. These exchanges would provide a selection of health plans, perhaps with common minimum standards and other regulations. Instead of the tax break that employees receive for their employer-provided insurance, Butler said he believes tax credits would be more effective.

#### Seeking to Influence Legislation

At the Galen Institute, which focuses on free-market ideas on overhauling health care, President Grace-Marie Turner says she has talked to at least a dozen Republican lawmakers to help develop ideas into legislation. Her talks have included some members new to the debate, and there’s so much interest that one day she had three conversations in a row. “It’s an opportunity to educate people when they’re focused on the issue,” Turner said.

Turner, for example, proposes providing tax subsidies for insurance to individuals rather than through employers, making policies portable from job to job. To aid the needy, she supports direct subsidies in the form of either vouchers or tax credits for everyone not eligible for Medicare, including the currently uninsured. And to assist higher-risk uninsured Americans who might have trouble obtaining private insurance, she promotes establishing nonprofit government access plans that would contract with insurers to cover patients who have been denied coverage.

How it’s explained to voters is also key. Whatever is done, “it needs to be presented to the American people in a way that’s fresh and appealing,” Turner said.

These sorts of ideas and similar ones are finding resonance with lawmakers such as Rep. [Michael C. Burgess](#), R-Texas, the head of the Congressional Health Care Caucus; Rep. [Roy Blunt](#), R-Mo., the head of a Health Care Solutions Working Group appointed by Minority Leader [John A. Boehner](#), R-Ohio, that will offer GOP legislation; Rep. [Dave Camp](#) of Michigan, the top Republican on the House Ways and Means Committee; and Rep. [Paul D. Ryan](#), R-Wis., who has outlined a health care proposal called “A Roadmap for America’s Future.”

Members of the working group, which includes Burgess, Camp and Ryan, sent a letter to GOP colleagues in May seeking input. They said they are looking for solutions to make quality health care affordable and accessible for every American, regardless of pre-existing health conditions; “protect Americans from being forced into a new government-run health care plan” that would eliminate their current coverage and limit doctor choice; and ensure that medical decisions are made by doctors and not “government bureaucrats.”

Blunt and members of the group say they’re focused on many of the same issues as the administration, including access, affordability and quality, and they want to reach out and help shape a bipartisan bill in the House.

“We also want to make sure these decisions, health care decisions, remain with the doctor and physician, not a bureaucrat,” Blunt said. Republicans insist choice is part of the equation, he said. “If you don’t like your insurance company, you really should be able to choose another one,” he said.

Burgess, a physician, said mandates will be difficult if not impossible to administer. Some 15 percent of the population does not comply with filing taxes, despite stiff laws and penalties from the IRS, he said. “So how can you push that number up?” he asked.

He cited the example of the 2003 Medicare drug law, in which lawmakers set ground rules for coverage and opened the program for competition. “We were concerned at the beginning no one would show up, and in fact there was some extra money built into the Medicare Part D program to attract companies in if they weren’t willing to participate,” Burgess said. Premium costs have declined, and the number of those signing up with creditable coverage (or coverage that meets certain government standards) is in excess of 90 percent, he said.

In the Senate, Finance Committee ranking Republican [Charles E. Grassley](#) of Iowa has been working with Chairman [Max Baucus](#), D-Mont., on his plan. Apart from that, two GOP senators, [Tom Coburn](#) of Oklahoma and [Richard M. Burr](#) of North Carolina, are working on a proposal that could be used as a series of amendments to whatever legislation makes it to the floor. Coburn and Burr — with Ryan as a supporter in the House — have proposed legislation that would create state health insurance exchanges and provide tax credits to families for insurance purchases. Senate Republican Conference Chairman [Lamar Alexander](#), R-Tenn., joined the news conference announcing the bill, predicting that it would draw support from many Republican senators.

Sen. [Robert F. Bennett](#), R-Utah, teamed with Sen. [Ron Wyden](#), D-Ore., to produce a bill that would eliminate the tax exemption for employer plans and replace it with an income tax deduction, and provide health insurance obtained through state agencies

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Yet discouragement in this community remains palpable. At a recent Heritage Foundation forum, Sen. [Michael B. Enzi](#), R-Wyo., was asked why a GOP plan hadn't been unveiled yet. "The main reason is Republicans are very independent people," said Enzi, a member of all three committees with a connection to health care policy: Finance, Budget, and Health, Education, Labor and Pensions.

Enzi said that one problem is with the message: Republican senators don't want to go to the floor and repeat what another has said. "Consequently, when you try to bring people together for a plan, of the 40 of us, you'd be lucky to get 20," Enzi said.

But he also acknowledged what is perhaps the biggest hurdle of all: "We are the minority."