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The Trouble With Health Care Is Paying for It



Michael Barone

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The legislative process can also be a learning process, and as Congress considers health care legislation — the latest act being the Senate [Finance](#) Committee's vote in favor of Chairman Max Baucus' bill, or "conceptual language" — we have been learning something useful. It's that legislators would like to provide generous, even gold-plated health insurance coverage to almost all Americans, but that no one wants to pay for it.

The learning process should have started last February, when Congressional Budget Office Director Douglas Elmendorf indicated that the CBO did not back the Obama administration's assertion that preventive care would save money. But it still came as a shock when the CBO confirmed its preliminary finding in its June assessments of the cost of Senate Democrats' bills.

This should have been obvious all along. Early screening can reduce the cost of treating a particular patient. But the costs of early screening add up when you test lots of people who will never need such treatment. So much for "bending the cost curve" down by preventive care.

Then House committees passed a bill financed in part by a "millionaire's tax." But freshman Jared Polis of Colorado, a successful entrepreneur, and 20 other House Democrats came out against that, on the reasonable theory that a tax on high-earners is a job-killer in today's economy. And tax increases on high-earners, thanks to creative [accountants](#), never net as much revenue as static analysts like the CBO predict.

Baucus' bill would impose \$829 billion in added costs, financed by a variety of [taxes](#) and spending cuts that are just as dubious. One is a tax on so-called Cadillac health insurance plans. But unions that have negotiated such plans are opposed, and House Democratic leaders are uninterested. Another is a tax on makers of medical devices that will be paid for by consumers. Critics have pointed out that most of these taxes will fall on people with ordinary incomes, far below the \$250,000-plus moguls that Barack Obama said would bear all his tax increases.

Another Baucus tax is the penalties that would be paid by those who don't buy health insurance. But the penalties in his bill are so low that many will choose to pay them and go uninsured, thus foiling the goal of lowering the uninsured percentage. And as the insurers' lobbying group has pointed out, this will increase premium costs for those who are insured — a form of tax on those behaving the way Baucus wants.

Then there are the Medicare cuts that supposedly would finance the Baucus bill. But this Congress can't bind future Congresses, and Congresses controlled by both parties have regularly cancelled projected cuts in reimbursement rates. Democratic leaders have made this easier by exempting such actions from its pay-go rules.

So as Michael Cannon of the Cato Institute points out, "Universal coverage is so expensive that Congress can't get there without taxing Democrats." So when those taxes are cut on low and middle earners, there's not enough money to finance the deals the White House has been making with [health care](#) interest groups.

The insurers and medical device people are squawking now — look for more squawking from pharmaceutical companies, hospitals and physicians' groups when they get targeted. House Speaker Nancy Pelosi has made it clear that she doesn't feel bound by deals the White House has made.

The Senate Finance Committee got bipartisan cover from Maine Republican Olympia Snowe. But Snowe says she was just voting to "continue the process" and won't necessarily vote for the bill Senate leaders will meld from the Finance and Health committee versions.

So the learning process may not be over. We know now that it costs a lot of money to pay for insurance policies with expanded coverage for an expanded number of people. And we know that no one wants to pay the [price](#).

We may be in the process of learning something else. Which is that insurance coverage that further insulates patients from costs results in unanticipated increases in health care spending. Yes, it bends the cost curve, but in the wrong direction. That's what has happened with the much-praised Massachusetts system.

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Democratic leaders may still have the votes to jam something through. In which case it could, as the Atlantic's Megan McArdle predicts, "spin out of control and eat a gigantic hole in the deficit." Who's going to pay for that?

Michael Barone is senior political analyst for The Washington Examiner. To find out more about Michael Barone, and read features by other Creators Syndicate writers and cartoonists, visit the Creators Syndicate Web page at www.creators.com.

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