EDITORIAL: Health bill: Real battle starts now

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After months of sometimes excruciating debate on health care legislation, the Senate Finance Committee voted 14-9 last week 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 slated to be merged with another bill passed by the Senate Health Committee to produce a bill all senators can vote on. 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 program to compete with private insurers — while all the others do. The Baucus bill requires that almost all Americans buy health insurance, limits deductibles and co-payments, provides federal subsidies for some Americans, expands Medicaid and forbids the rejecting of 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.

Health care reform is far from a done deal. Now that the suspense over the Senate Finance vote is over, the contradictions in the bills and their 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 penciled out at “only” $829 billion over 10 years by offloading numerous costs onto states and the private sector. Hoped-for savings in Medicare almost certainly will evaporate.

As Michael Cannon of the libertarian Cato Institute noted, “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 generally oppose such taxes.

Meanwhile, Medicare, the government’s premier health care program, is headed for insolvency. Nothing in any of the proposals would fix this problem.

It is also dawning on many Americans that the proposed reforms amount to redistributing health care, meaning that some people — including seniors on Medicare — may get less care than they get now. That’s one reason American Health Insurance Plans, the lobby for health insurance providers, released a study predicting the bills now 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 reduce 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.

Let’s first look for savings that would make health care more affordable, give those reforms some time to work, and consider more far-reaching reforms later.