

## A half-hearted attempt at a second opinion

2009-11-13 16:21:35

We tried to determine whether the House Republican plan on health care — "only" 400 pages rather than the 1,900-plus pages in the Democratic version approved a week ago — would do anything to improve access to or affordability of health care and health insurance in the United States. Unfortunately, instead of putting a few cost-saving measures into a bill, such as mandating that health insurance can be sold across state lines to improve competition, allowing individuals as well as employers to take a tax deduction for the cost of health insurance, and reducing coverage mandates, the Republicans put together a grab-bag of changes that Michael Cannon, director of health policy studies at the libertarian Cato Institute, described as a "fig leaf."

In other words, Republicans, knowing their plan would have no chance of passage, put together a symbolic gesture.

The plan would allow small groups or associations to offer group health coverage and allow states to establish interstate compacts for group health insurance. It would provide federal grants to states that achieved specified reductions in the number of uninsured individuals, and give federal funding to states to establish high-risk insurance pools. It would liberalize the rules for Health Savings Accounts. It would also cap non-economic and punitive damages in medical malpractice cases, require the Health and Human Services Department to establish standards for electronic medical transactions and increase funding for HHS investigations into fraud and abuse.

The Congressional Budget Office has estimated that these changes would add some \$8 billion in federal deficits over 10 years and increase the number of people with health insurance by about 3 million. It also estimates that private health insurance premiums would decline "by 7 percent to 10 percent in the small-group market, by 5 percent to 8 percent for individually purchased insurance, and by zero to 3 percent in the large-group market."

That would certainly be less damaging than the Democratic version. Mr. Cannon also explains that the Democratic plan finesses the cost of an individual mandate for every person in the country to have insurance, thus concealing some \$1.5 billion in costs over 10 years, on top of the \$1.2 trillion the CBO estimates the House bill would cost.

We also know that mandated coverage could lead to uninsured people deciding that it's cheaper to pay the fine and gamble on staying healthy.

The Republican plan would have increased federal spending by giving grants to state governments, despite the fact that the GOP allegedly stands for fiscal conservatism. And while reform of the medical malpractice system is desirable, it is questionable whether it is constitutional for the federal government to force state governments to reform their tort systems.

The Republican plan was politically dead anyway, so the question is moot. But as public policy it is, well, a fig leaf.