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Opt-Out, Schmopt-Out

by Nicole Kurokawa
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Senator Harry Reid released some details on the Senate's combined health care reform bill yesterday, announcing that the bill will contain a public option (or as House Speaker Nancy Pelosi has tried to rebrand it in classic government doublespeak, a "competitive option") with an opt-out clause.

What the heck does that mean?

The government-run plan is in, and states will have to choose to opt-out by 2014, most likely through legislative action (although it hasn't been specified yet.)

Obviously, pressure from constituents demanding handouts will be strong, so it's pretty unlikely that any states will actually be able to drop the option - even if some leaders have the political courage to stand their ground, knowing the long-term consequences (case in point: bailout funds, and failed attempts by Texas/South Carolina/Louisiana to get out of those golden handcuffs.)

The *Washington Examiner* points out that even if your state does opt-out - you're paying for it anyway:

Reid acknowledged that a plan to charge a tax on expensive health insurance plans has been changed in his plan to include family plans worth more than \$23,000 per year, instead of \$21,000. Those taxes and others required to fund the \$6 billion public option would be collected from all states, including those that opt out of the plan.

The Cato Institute's Michael Cannon notes this is a long shot at best:

Taxpayers in every state will have to subsidize Fannie Med, either implicitly or explicitly. What state official will say, "I don't care if my constituents are subsidizing Fannie Med, I'm not going to let my constituents get their money back"? State officials are obsessed with maximizing their share of federal dollars. Voters will crucify officials who opt out. Fannie Med supporters know that. They're counting on it.

A state opt-out provision does not make Fannie Med any more moderate. It is not a concession. It is merely the latest entreaty from the Spider to the Fly.

An opt-out is yet another sleight of hand, a fleeting nod to moderates. Unfortunately, at the end of the day

states will be locked in, and Democrats will be encouraged to use similar legislative tricks to pass future "optional" expansions of government power.