



## The Right Cannot Defeat Obama's Health Care Plan If All They Offer Is 'Obamacare Lite'

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It will be a few weeks yet before we see the final details, but the broad outlines of the democratic proposals to take over the American health care system are becoming apparent. And from what we can see so far, it looks like bad news for American taxpayers, health-care providers, and, most important, patients. The plan would not initially create a government-run, single-payer system such as those in Canada and Britain. Private insurance would still exist, at least for a time. But it would be reduced to little more than a public utility, operating much like the electric company, with the government regulating every aspect of its operation.

- At a time of rising unemployment, **the government would raise the cost of hiring workers** by requiring employers to provide health insurance to their workers or pay a fee (tax) to subsidize government coverage.
- **Every American would be required to buy an insurance policy that meets certain government requirements.** Even individuals who are currently insured — and happy with their insurance — will have to switch to insurance that meets the government's definition of "acceptable insurance."
- A government-run plan similar to Medicare would be set up in competition with private insurance, with people able to choose either private insurance or the taxpayer-subsidized public plan. **Subsidies and cost-shifting would encourage Americans to shift to the government plan.**
- The government would undertake comparative-effectiveness research and cost-effectiveness research, and use the results of that research to impose practice guidelines on providers.
- **Private insurance would face a host of new regulations**, including a requirement to insure all applicants and a prohibition on pricing premiums on the basis of risk.
- Subsidies would be available to help middle-income people purchase insurance, while **government programs such as Medicare and Medicaid would be expanded.**
- Finally, the government would subsidize and manage the development of **a national system of electronic medical records.**

Taken individually, each of these proposals would be a bad idea. Taken collectively, they would dramatically transform the American health care system in a way that would harm taxpayers, health care providers, and — most importantly — the quality and range of care given to patients.

In the face of this assault on one sixth of the US economy and some of the most important, personal, and private areas of our lives, one would think that the Republican response would be a resounding "No!" One would be wrong.

Instead, the Republican response has been a plan of their own to increase regulation, mandates, and government control over the health care system.

Sens. Tom Coburn (R-OK) and Richard Burr (R-NC) and Reps. Paul Ryan (R-WI) and Devin Nunes (R-CA) have proposed a plan based on the failed Romneycare experiment in Massachusetts.

It is not all bad.

In fact, it contains some very good proposals, such as changing the tax treatment of health insurance and expanding HSAs. However, it would also preempt many state insurance regulations, establishing new federal insurance rules, including a requirement that insurers accept all applicants regardless of their health or age. There would also be a federal "risk adjustment" board that would tax some insurers and subsidize others based on whether the people they insure are healthy or sick. These policies will mean higher insurance premiums for the young and healthy.

The plan falls just short of an individual mandate, setting up automatic enrollment in exchange plans at "places of employment, emergency rooms, the DMV, etc." — essentially, trying to achieve universal coverage by nagging Americans to death.

Notably, Coburn-Burr-Ryan-Nunes abandons one of the best recent Republican ideas for health reform, Rep. John Shadegg's proposal to allow Americans to buy insurance across state lines, in favor of a requirement that states establish Massachusetts-style connectors. But the Massachusetts Connector has been one of the worst aspects of that state's reform, acting as a super-regulatory body, adding new mandated benefits, restricting consumer's choice of plans, and adding both regulatory and administrative costs to insurance. (In fact, the Connector adds its own administrative costs, estimated at 4 percent of premium costs, for plans that are sold through it.) What the Connector has not done is live up to its promise of breaking the link between employment and insurance, giving workers personal, portable insurance that they could take with them from job to job, and which they would not lose when they lost their jobs. Unfortunately, the Connector has not lived up to its promise in the latter regard. In fact, as of May 2008, only 18,122

people had purchased insurance through the Connector. That's very little gain for so much pain.

Since there is virtually no chance that the Coburn-Burr-Ryan-Nunez will actually be enacted, perhaps one shouldn't get too excited about its failings. It is clearly far superior to Obamacare. But one can't escape the feeling that the best way to show the American voters that Republicans have regained their commitment to limited government—and to defeat Obamacare—is not with Obamacare Lite.