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Editorial: GOP's symbolic alternative

Republicans' answer to Pelosi's mammoth bill ignores sensible reforms.

An Orange County Register editorial

If House Speaker Nancy Pelosi manages to put together a House vote by Saturday on the latest version of the Democrats' plan to increase government control over health insurance, the plan offered by Republicans Thursday will have little relevance. Ms. Pelosi will allow a vote on the Republican plan as a matter of courtesy, but it will be voted down handily.

Nonetheless, we tried to determine whether the House Republican plan – "only" 400 pages rather than the 1,900-plus pages in the Democratic version – would do anything to improve access to or affordability of health care and health insurance in the United States. Not easy.

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 and co-author of "Healthy Competition: What's Holding Back Health Care and How to Free It," told us amounted to a "fig leaf."

In other words, Republicans, knowing their plan would have no chance of passage, anyway, 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 noneconomic 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, which, as Mr. Cannon also explains, finesses the cost of an individual mandate for every person in the country to have insurance, thus concealing some \$1.5 billion in

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costs over 10 years, on top of the \$1.2 trillion the CBO estimates the House bill would cost. The Republicans would increase federal spending by giving grants to state governments. 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 is dead politically, anyway, so the question may be moot. But as public policy it is, well, a fig leaf.

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