

Bizarro Health Care “Reform”: Expect Less, Pay More

Posted By [Brian T. Schwartz](#) On November 5, 2009 @ 12:00 am In [. Column2 03](#), [Health](#), [Money](#), [US News](#) | [8 Comments](#)

Expect less, pay more. It’s not the slogan for some “[Bizarro World](#) ^[1]” Target store in a comic book; it’s an accurate slogan for congressional Democrats’ health care “reform” proposals. They include a new government-run insurance plan, mandatory insurance, new political controls on insurance, and new taxes.

Government-run health plan

You should expect less choice with a new government-run health plan, known as the “public option.” As economics professor Scott Harrington has [noted](#) ^[2], the public option would be the only option. It would [unfairly compete](#) ^[3] with non-government insurers, which must comply with burdensome political controls that increase premiums. [Millions of people would be herded](#) ^[4] to the government plan who did not choose it as an “option.”

It’s fitting that some House Democrats want to call the government program “[Medicare Part E](#) ^[5],” where “E” is for “everyone.” Before Medicare, [retirees bought voluntary insurance](#) ^[6] in increasing numbers. Medicare killed this trend and soon monopolized the market.

Also expect less access, as those with [Medicaid](#) ^[7] and [Medicare](#) ^[8] already know. As Dr. Marc Siegal has [noted](#) ^[9]:

More and more of my fellow doctors are turning away Medicare patients because of the diminished reimbursements and the growing delay in payments. ... The problem is even worse with Medicaid.

But do expect to pay more with a new government insurance plan. Since Medicare and Medicaid underpay doctors and hospitals, they recoup the loss by increasing your premiums — by [almost \\$2,000 annually for a family of four](#) ^[10]. To make things worse, [proposed Medicaid expansion](#) ^[11] would further increase your premiums.

Mandatory insurance

Mandatory insurance is a second path towards complete government-controlled insurance. Massachusetts has imposed this on its citizens, and they are learning to expect less. “Long wait times for appointments for new patients continue to be a problem, resulting in delayed access and care,” [reports](#) ^[12] the Massachusetts Medical Society. “With our state health reform initiative,” said the society’s president, “we quickly learned that universal coverage doesn’t equate to universal access.”

With mandatory insurance, also expect less value from your insurance policy because politicians can make your current plan illegal. But you’ll pay more. A Cato Institute study [concludes](#) ^[13] that “any politically plausible mandate could ... compel close to 100 million Americans to switch to a more comprehensive health plan with higher premiums, whether they value the added coverage or not.”

Affordable plans become illegal because politicians cave to interest groups who want to force everyone to buy insurance with [costly benefits](#) ^[14] that they may not want. In Massachusetts, such “mandates are helping to drive up costs, making coverage unaffordable as many businesses and workers struggle,” [reports](#) ^[15] the *Boston Globe*. Premium rates in Massachusetts are [increasing at almost twice](#) ^[16] the average national rate. With nationwide mandatory insurance, we’ll all be paying more.

New controls on insurance

Politicians are also pushing for new controls on insurance companies: guaranteed issue and community rating. Guaranteed issue requires insurers to issue policies to anyone, and community rating forces them to charge the same price regardless of the applicant’s health risk. With these

political controls in place, prepare to expect less from your insurance but pay more.

You can expect less from your policy with these political controls. Insurers will strive to [make their products unattractive to those who need insurance most](#)^[17]; those with high expected medical costs. After all, why would insurers want to attract the sick if politicians prohibit them from charging them higher premiums? Expect insurers to [skimp on what’s most important to those who make insurance claims](#)^[18]: comprehensive coverage, clear explanation of benefits, and minimal bureaucratic obstacles to doctor-recommended treatments.

But expect to pay more. Community rating laws increase premiums by more than 20 percent, [according to William Congdon](#)^[14] of the left-leaning Brookings Institution. States with guaranteed issue and community rating [have seen](#)^[19] huge increases in premiums, deterioration of insurance markets, and [more uninsured](#)^[20].

Indeed, politicians are pushing new political controls on insurance that will make you pay more for less value. These are effectively hidden taxes. But do not forget the explicit taxes. [Americans for Tax Reform points out thirteen new tax increases](#)^[21] in the House bill (HR 3962). Taken together, [several studies conclude](#)^[22] that new taxes and political controls will increase insurance premiums. The *Wall Street Journal* [reports](#)^[23] that for the young and healthy, “premiums would more than triple in some states.”

The Democrats’ “Bizarro World” proposals will be a disaster. It will provide them phony justification for [incrementally imposing their end goal](#)^[24]: a monopolistic government-run health plan.

“Expect more and pay less” — you only get that in a free market. That is, a market *free* from political controls where a firm’s revenue depends on satisfying customers. But the Democrats’ proposals [entrench](#)^[25] an increasingly *unfree* market in health care. They limit competition and prevent insurers and doctors from competing directly for a patient’s business. The patient is rarely the customer. Instead, insurance companies have employers as customers, and doctors’ customers are insurers or government programs.

It’s time for [free-market health care reforms](#)^[26]. These include restoring the patient as the customer by changing the tax treatment of insurance. Government would no longer penalize people for buying insurance directly from insurers or medical treatment directly from providers. This would also increase competition among insurers, as it would allow consumers to buy affordable policies available in different states — introducing competition and choice into Medicaid and Medicare, which would decrease waste, fraud, and spending, benefit patients, and help avert their pending insolvency. Other free-market reforms include freeing [pharmaceutical companies](#)^[27] and [doctors](#)^[28] from meddlesome political controls.

A free market in medicine and insurance is the only way patients can truly expect more and pay less. Can patients be treated like customers while not actually being customers? Only in the backwards Bizarro World of comic books.

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[5] Medicare Part E: <http://www.cato-at-liberty.org/2009/10/21/medicare-for-everyone/>

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