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Baucus health plan critique (America's Healthy Future Act)

September 17th, 2009 | by Brian Schwartz |

“The major new health-care overhaul bill that landed in the Senate on Wednesday sets the lines for a fall showdown over taxes, spending and coverage for millions of uninsured Americans. The bill, by Sen. Max Baucus, chairman of the Finance Committee, breaks a logjam and is likely to form the core of a bill in the full Senate,” [reports the Wall Street Journal](#). Baucus’s documents is called “[America’s Healthy Future Act of 2009](#).”

[Michael Tanner offers a critique in the New York Times](#). I’ll summarize his “good, bad, ugly” categories:

Good:

- “The plan drops the idea of a government-run “public option” in favor of co-ops. Government involvement with these co-ops would essentially be limited to providing start-up grants.”
- “The plan takes the first tentative steps toward allowing people to purchase health insurance across state lines.”

Bad:

- “The plan would force states to increase [Medicaid](#) eligibility to individuals at 133 percent of the poverty level, and to enroll single, childless adults.”
- “While the [employer mandate](#) is much watered-down, it is still there. ... up to \$400 per worker. Since it will ultimately be the worker who pays the mandate’s cost, through reduced compensation or reduced employment ...”
- “The bill would cut payments to the Medicare Advantage program. In response, many insurers may stop participating in the program, while others could increase the premiums they charge seniors. Millions of seniors will likely be forced off their current plan and back into traditional Medicare.”

Ugly:

- “...a heavily punitive [individual mandate](#), a requirement that every American purchase a government-designed minimum insurance package. Failure to comply would result in a fine that could run as high as \$3,800 for a family of four. Moreover, the mandate may not apply just to those without insurance today.” [Example, in [Massachusetts people's high-deductible insurance became illegal](#).

- "The Baucus plan imposes a 35 percent excise tax on health insurance plans that offer benefits in excess of \$8,000. Insurers would almost certainly pass this tax on to consumers in the form of higher premiums. .. There are also "fees" on prescription drug companies, medical device manufacturers, and clinical laboratories. ..."
[There is a good way to tax insurance premiums: *First*, lower tax rates, and *then* have employees with employer-sponsored insurance include the amount their employer pays for their premium as taxable income.]

For a better alternative, see the Cato Institute's [free-market health care reform ideas](#).

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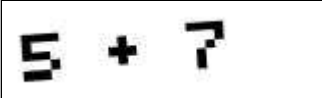
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