

It's just another name for  
the failed public plan.

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## Read our Ideas Contributors

### Driving the Conversation:

## POLITICO's new Health Care Arena

### Michael Cannon: "Yes, Mr. President. A free market can fix health care"

**Oct. 22, 2009**

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**Michael F. Cannon**, Cato, Dir. of Health Policy Studies:  
**Yes, Mr. President, a Free Market Can Fix Health Care**

At his White House forum on health reform back in March, President Barack Obama **offered:**

*If there is a way of getting this done where we're driving down costs and people are getting health insurance at an affordable rate, and have choice of doctor, have flexibility in terms of their plans, and we could do that entirely through the market, I'd be happy to do it that way.*

In a new Cato study titled, "**Yes, Mr. President, a Free Market Can Fix Health Care**," I take up the president's challenge and explain that markets are indeed the only way to achieve those goals. I also explain how Congress can remove the impediments that currently prevent markets from doing so:

1. **Give Medicare enrollees a voucher** (adjusted for their means and health risk) and let them purchase any health plan on the market,
2. **Reform the tax treatment of health care with "large" health savings accounts**, which would give workers a \$9.7 trillion tax cut (without increasing the deficit) and free them to purchase secure coverage that meets their needs,
3. **Free consumers and employers to purchase health insurance across state lines** (i.e., licensed by other states), which could cover up to one third of the uninsured,
4. **Make state-issued clinician licenses portable**, which would increase access to care and competition

among health plans, and

5. **Block-grant Medicaid and the State Children's Health Insurance Program**, just as as Congress did with welfare.

Unlike the president's health care proposals (which, as Victor Fuchs **explains**, would merely shift costs), these reforms would *reduce* costs, expand coverage, and improve health care quality – without new taxes, government subsidies, or deficit spending.

Would a free market be nirvana? Of course not. But fewer Americans would fall through the cracks than under the status quo or the government takeover advancing through Congress.

There is a better way.

(Cross-posted at [Cato@Liberty](#).)

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### Live Pulse, The Latest:

**THE FIRST HEALTH CARE VOTE:** The 47-to-53 defeat of the \$247 billion doc fix was a bigger loss than supporters expected. The defeat came at the hands of Senate Democratic moderates, jittery about adding to the national debt by passing legislation that wasn't paid for. The fact that Democrats, who hold a 60-vote majority, could not muster even 51 votes for the bill is a sign of rocky sledding ahead for health care reform.

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### The Read, :

Oct. 22

#### Does the Public Want a Public Option

Jay Cost/RCP

*Progressives in the blogosphere and the halls of Congress are pushing for the so-called "public option." One of their major arguments is that the public wants it.*

*But does it?*

On this same topic, see this earlier piece by Mark Blumenthal: [Public Option: Who Knows It? Who Wants It?](#)

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#### Fred Barbash, Moderator:

Weds., Oct. 21 I asked Arena contributors for their views on attempts to **strip the insurance industry of its antitrust exemption**.

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#### Steve Steckler, Chairman and founder, Infrastructure Management Group (IMG):

On anti-trust exemption: If that's what it takes to kill the public option and allow interstate purchasing of insurance policies, then it's a bargain for America.

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#### Barak D. Richman, Professor of Law, Prof. of Business Admin, Duke University:

Although there are probably some good reasons to repeal McCarran-Ferguson, I agree with **Prof.**