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Oct. 5, 2009

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Michael F. Cannon, Cato, Dir. of Health Policy Studies:

Jindal is right about the lack of public support for the Democrats' health care takeover. But his proposals show how far Republicans have to go before they stop being the me-too party and begin to capture the health care issue.

Voluntary purchasing pools? Sounds wonderful, but it's Republican code for federal regulation of health insurance. (BTW, broader pooling does not "lower insurance costs," it just shifts them to other people.)

Republicans need to get over their love affair with federal med-mal reform. It's unconstitutional – I know: how quaint a concept – and while reform is necessary, **the problem** isn't as bad as the docs would have you believe.

Require coverage of preexisting conditions? That's code for federal price controls on health insurance. Jindal proposes that Republicans join Democrats in ignoring Larry Summers' warning: "Price and exchange controls inevitably create harmful economic distortions. Both the distortions and the economic damage get worse with time." Explicit price controls would merely exacerbate the damage done by the implicit price controls that already bind more than 90 percent of the health insurance market.

Payment reform? That's typically code for exchange controls. (See Summers, above.) Does Jindal mean we should take such decisions out of Washington's hands and let the market reward health outcomes, promote

electronic medical records, and reward healthy lifestyles? If yes, why not just say so?

“Permitting” young people to stay on their parents’ plans? Or “requiring” it? Is Jindal, like Democrats, proposing a mandate? (And again, if the GOP’s health care wunderkind doesn’t know **the difference between cost-shifting and cost-reduction**, the party is in worse shape than we thought.)

I’m sympathetic to tax-credit proposals, but Republicans need to appreciate how those proposals would unnecessarily leave many workers high and dry. **Expanding health savings accounts** is the better approach.

If Republicans want to offer a serious alternative that makes health care better, cheaper, safer, and more secure, they need to talk about letting consumers control their health insurance dollars (i.e., Medicare vouchers and tax reform), and letting consumers choose from a wide variety of health plans and providers (i.e., letting people purchase insurance, and letting clinicians practice medicine, across state lines).

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