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Reid's Secret Plan

December 9th, 2009 | Author: MichaelW

You gotta love the way Dingy Harry builds faith in his mission:

> We have a broad agreement. Now I know that people are going to ask to be given every detail of this.
>
> [...]
>
> We have had a rule here for 40 years or however long we have been in existence, if you start talking about the plan and start shipping it around, it will be made public. And we want not that to be the case because we want to know the score before we start giving all the details even to our own members.
>
> So you are not going to get answers to those questions.
>
> [...]
>
> As I have indicated, we can't disclose the details of what we have done, but believe me we have got something that is good and that I think is very, for us, it moves this bill way down the road.

That's right, just "believe" him and his Democrat buddies. You're gonna love it!

Fortunately, enough of the super-secret, whats-good-fer'ya plan has leaked out that some cogent analysis is possible. Cato's Michael Tanner, for example, observed that the proposed legislation would basically replicate the Federal Employees Health Benefit Program (FEHBP), through which many government workers and Members of Congress get coverage, as well expand MediCare (and possibly MediCaid) to people as young as 55. He also notes several problems with this proposal:

> A few reasons to believe this is yet another truly bad idea:
>
> 1. In choosing the FEHBP for a model, Democrats have actually chosen an insurance plan whose **costs are rising faster than average. FEHBP premiums are expected to rise 7.9 percent this year and 8.8 percent in 2010**. By comparison, the Congressional Budget Office predicts that on average, premiums will increase by 5.5 to 6.2 percent annually over the next few years. In fact, FEHBP premiums are rising so fast that nearly 100,000 federal employees have opted out of the program.
> 2. FEHBP members are also finding their choices cut back. **Next year, 32 insurance plans will either drop out of the program or reduce their participation**. Some 61,000 workers will lose their current coverage.
> 3. But former OPM director Linda Springer doubts that the agency has the "capacity, the staff, or the mission," to be able to manage the new program. Taking on management of the new program could overburden OPM. "Ultimate, it would break the system."
> 4. **Medicare is currently $50-100 trillion in debt**, depending on which accounting measure you use. Allowing younger workers to join the program is the equivalent of crowding a few more passengers onto the Titanic.
> 5. At the same time, Medicare under reimburses physicians, especially in rural areas. **Expanding Medicare enrollment will both threaten the continued viability of rural hospitals and other providers**, and also result in increased cost-shifting, driving up premiums for private insurance.
> 6. **Medicaid is equally a budget-buster**. The program now costs more than $330 billion per year, a cost that grew at a rate of roughly 10.7 percent annually. The program spends money by the bushel, yet under-reimburses providers even worse than Medicare.
> 7. Ultimately this so-called compromise would expand government health care programs and further squeeze private insurance, **resulting in increased costs, result in higher insurance premiums, and provide a lower-quality of care**.

Let's be clear. The point of the health-care takeover was never to control costs, but to control the market. Obama and the Democrats are certain that they can transfer the money involved in every health care transaction from the provider/insurer side of the equation to the recipient side. In other words, they simply want to rearrange the entire transaction in a way that seems "fair" to the favored constituency. As long is doesn't cost *those people* any more (for awhile at least) then actual costs don't really matter.

That's why they draft loss ratio provisions mandating insurers to pay out 85% of the premiums received in benefit claims (i.e. the companies can only "make" 15% over top of premium revenues, which percentage Congress assumes is mostly profit, and not going to overhead costs; most states set the loss ratio somewhere between 65% and 75%). And that's also why Reid and his band of merry cohorts see fit to hitch the health care wagon to programs that are already money-losing. Accordingly, when the primary goal is simply control, actual costs become irrelevant except when making the sales pitch to a public weary of profligate government spending. Mix in some budget gimmicks (like starting the tax 3 or 4 years before actually beginning the program), and voila! You have a health care bill.

No matter what comes out of the Congress for Obama to sign, you can rest assured that it will (a) cost American taxpayers way more than is promised, and (b) further cede control over the market place to the

government.

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2 Responses to "Reid's Secret Plan"

- *Tonus:*
December 9, 2009 at 09:17

> Mix in some budget gimmicks (like starting the tax 3 or 4 years before actually beginning the program)

Has this been taken into account in any of the cost analyses? It seems obvious to me that if the government plans to collect taxes for a program three or four years prior, they will have spent that money on other budget items in the meantime. So when the programs actually start, that three or four year amount will need to be accounted for. Which means an additional tax increase to cover for the previous tax increase that was misspent.

Reply

- *ColoComment:*
December 9, 2009 at 09:20

Also, unintended consequences re: Medicaid? See also this, via NRO:
http://article.nationalreview.com
/?q=YzBhZTA3NzRhYmUyMjExMDEzZWM0ZDQ4NTNlMTNiZTY=
And, the final sentence has broad impact, no matter whose bill you're looking at:
"But when the official scorekeeper on Capitol Hill can miss a $725-billion item hidden in the thousands of pages of dense legislative text, you can't help wondering what other ticking time bombs remain undiscovered."

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