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It still won't work

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In the wake of Scott Brown's astounding win last week in Massachusetts, President Obama has been backpedaling faster than Darrelle Revis on health-care reform, telling reporters that Congress should "move quickly to coalesce around" parts of the health-care bill that both parties can agree on, "core elements" such as insurance reform.

That might be more popular politically, but it still won't work.

Take one "core element": prohibiting insurers from turning down customers with "pre-existing conditions" or charging more to customers who become sick. A bill to simply ban such practices might attract support from such GOP moderates as Maine's Olympia Snowe and Susan Collins.

But the "reform" would wind up pushing millions of people off the insurance rolls -- and New York state provides the proof.

The term "pre-existing condition" simply means people who are already sick. But if you can wait to buy insurance after you get sick, who'd ever buy insurance while they're healthy?

Requiring insurers to charge the same premiums to the sick and the healthy compounds the problem: Premiums would fall for older and sicker customers -- but rise for the young and the healthy. Knowing that they could always buy a policy *after* falling ill, many young people would drop out of the insurance market. (Indeed, these "young invincibles" already make up the largest part of the uninsured.)

New York provides an object lesson: It enacted precisely these "reforms" in 1993. The next year, roughly 500,000 people canceled their insurance, according to a study by the actuarial firm of Milliman & Robertson.

With the young and healthy dropping out of the insurance pool, premiums will have to rise to cover the now-sicker insured population. That, in turn, will encourage *more* healthy people to drop out, raising premiums still further -- and so on, in what's known as the "adverse-selection death spiral."

The only solution would be to mandate that everyone buy insurance. But, as the last year's debate has shown, that creates all sorts of problems:

* To mandate that people buy insurance, the government has to define what insurance *is*. (I'm pretty sure my policy with the \$1 million deductible won't qualify.) This opens the door to all manner of special interests demanding to be part of the required benefits. People would be unable to keep their current plans, but would have to buy new, probably more expensive, policies that met government specifications.

* If the government is going to force people to buy insurance, it'll have to subsidize insurance for those who can't afford it. Covering *those* costs means new or higher taxes for someone. And subsidies without cost controls will break the bank (as they're doing now in Massachusetts) -- so the government will have to impose price controls or restrictions on care.

Before you know it, "mini-me" ObamaCare has morphed back into the full-blown version.

Democrats have boxed themselves into a corner. The public has rejected their plans for a government takeover of the health-care system -- but giving up would mean admitting that they just wasted a year on a bill that didn't even pass. They'll be tempted to try to pass something -- anything.

Alas, "anything" so far doesn't include the type of free-market reforms that could actually solve some of these problems.

For example, if Democrats really wanted to deal with the problem of preexisting conditions, they'd support expanded state high-risk pools. Better yet, they'd offer the same tax break to people who buy their own insurance as we give to employer-provided insurance. Moving to personal, portable insurance means that people who lose their jobs would no longer automatically lose their insurance -- so preexisting conditions would be far less of an issue.

And, if Democrats want to create an incentive for the young and healthy to buy insurance, they could eliminate costly mandated benefits that makes insurance a poor deal for the young.

But Democrats seem determined to prolong the agony -- trying to force through some version of their top-down, command and control, government-directed approach no matter how often Americans say "*No!*"

We can only hope that sooner or later they'll get the message -- and start over with something that will actually work.

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