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Sizing Up The Gingrich/Goodman Plan

Written by Marilyn Werber Serafini

Is a new health care proposal by Newt Gingrich and John Goodman worth considering? Here are the highlights.

(Gingrich is former speaker of the House and founder of the Center for Health Transformation, and Goodman is president of the National Center for Policy Analysis).

- Allow people a generous tax credit or let them deduct the value of their health insurance up to a certain amount.
- Encourage employers to provide portable insurance, and allow individuals to purchase insurance across state lines.
- Allow those with chronic diseases to manage health dollars in health savings accounts, and use Medicaid's Cash and Counseling program for the homebound disabled as a model.
- Encourage some health plans to specialize in managing chronic diseases.
- As long as total cost to the government does not rise and quality of care does not suffer, doctors should be free to repackage and reprice services.
- Don't cut Medicare.
- Allow employers to obtain individually owned insurance for retirees at group rates and to deposit premiums for post-retirement insurance into HSAs. Employers and younger employees could save tax-free for post-retirement health.
- Make anonymous Medicare claims and other government data available to consumers.
- Eliminate junk lawsuits.
- Use enhanced coordination of benefits, third-party liability verification and electronic payment to stop health care fraud.
- Cut red tape before and during review by the FDA and monitor the quality of drugs and devices once they reach market.

Is There A Republican Approach To Health Reform?

Comment by John C. Goodman
President and CEO, National Center for Policy Analysis, and Kellye Wright Fellow

In response to President Obama's stated willingness to entertain new ideas on health reform, Newt Gingrich and I proposed ten of them in *The Wall Street Journal* the other day. The *Journal* editors referred to them as "GOP health ideas." That's not correct, but it does raise this question: Do Republicans have a fundamentally different approach than Democrats to health care?

Although it's hazardous to generalize about political parties, I believe the answer is "yes" on two counts. And these differences are so large, they help explain the partisan divide that has derailed reform.

First, consider the health insurance benefit package and how it gets paid for. The Republican approach (as represented by Sens. McCain and Coburn and Rep. Ryan) is to equalize the tax subsidy — giving every family the same tax credit. But Republicans seem quite willing to allow people to buy very different benefit packages with their subsidy. By contrast, Democrats on Capitol Hill seem intent on equalizing benefits (virtually forcing everyone to have the same health insurance), but are willing to tolerate very substantial differences in tax subsidies — even for people at the same income level.

If you are prone to exaggeration, you could almost say that Republicans want everyone to have the same subsidy, but are indifferent about what people do with their subsidy; while the Democrats want everyone to have the same benefits, but are indifferent about how those benefits get paid for.

Consider that the Coburn/Ryan bill would effectively give every family \$5,700 as a down payment on the health insurance plan of their choice. (To ease the transition, Newt Gingrich and I proposed to allow people to choose between the tax credit and the current tax system.) By contrast, ObamaCare would have radically different subsidies for a plan that everyone will be required to have. Take a family earning \$100,000 in 2016. Under the Senate bill, this family's only subsidy would come from the current income tax law. That would be a tax subsidy worth about \$6,345 if they obtain health insurance through an employer, but only \$1,980 if they buy their insurance in the newly-created health insurance exchange. A family earning \$30,000 would get a subsidy of \$13,536 in the exchange, but only \$2,115 if the insurance were obtained at work. It's hard to imagine two more starkly different approaches to the issue of costs and benefits

The second major difference relates to how the two parties envision that goals will be reached. Republicans tend to have far more faith in the power of economic incentives than in the effectiveness of regulation. A typical Republican view is: If you want to control costs, improve quality and create more access to care, patients, doctors and other entities must find the achievement of these goals in their self-interest. And if they are not in anyone's self-interest, these goals are unlikely to be attained — no matter how much regulation there is.

Newt and I are proposing to go further than most Republican bills in Congress in this regard. We would like to give chronic patients more opportunities to manage their own care and let special needs health plans compete to meet their needs.

We would also like to free doctors to repackage and reprice their services — offering e-mail and telephone consultations in place of some office visits, for example. Still, the principles are the same.

The approach of ObamaCare, by contrast, is very much command-and-control. It's not an accident that there will be more than 100 new regulatory bodies under the House bill or that there is virtually nothing in either the House or Senate bills that would liberate doctors or patients and give them new opportunities to solve problems.

The White House really believes that people inside the Washington Beltway can determine best medical practices and force the entire country to abide by them by using Medicare's power of the purse.

Again, it's hard to imagine two more different approaches to public policy.