

Repeal Is Perfect Present For ObamaCare Birthday

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Anniversaries are usually a time for celebration, but the one-year anniversary of ObamaCare is nothing to celebrate.

In the year that has passed since the law was forced through Congress, most Americans see even more clearly the dangerous flaws that demand its repeal, but also how it can be replaced with truly workable solutions.

ObamaCare did nothing to address the relentless march of ever-rising health care costs. Unless the courts decisively conclude that the individual mandate — and perhaps even the entire law — is unconstitutional, ObamaCare will force most Americans to purchase health insurance with premiums rising at twice the rate of growth of their incomes.

To make matters worse, the new law takes away many private-sector techniques for controlling costs, like flexible benefit design and cost sharing — and actually drives up costs through an array of new regulations and requirements. ObamaCare thus locks us into the unsustainable path we are already on.

Fortunately, there is a better way to expand coverage: (1) Offer a generous and flexible tax subsidy to people to obtain insurance, and (2) create a national market for health insurance by allowing cross-state purchasing.

Bizarre System Of Subsidies

ObamaCare offers radically different subsidies to people at the same income level, depending on where they obtain their health insurance.

If a worker with \$30,000 in income gets qualified family coverage through his or her employer, worth an average \$15,000, the only help from Uncle Sam will be the \$2,300 tax break from untaxed health benefits. If this worker obtains the same insurance through the newly created health insurance exchange, the federal government will pay almost the entire premium and reimburse most of the out-of-pocket expenses. That's a total net subsidy worth more than \$16,000.

This disparity will encourage employers to drop coverage. Low-wage workers will want to work for firms that don't offer health insurance to boost their wages.

Yes, the law penalizes businesses with more than 50 employees that do not offer qualified coverage — \$2,000 per employee. But these businesses have been running the numbers and realize it would be more economical to pay the fine than to offer coverage. One major employer estimated it would save \$4.1 billion a year by dropping coverage for its 283,000 employees.

A better solution is to give people the same tax relief for purchasing health insurance on the individual market as businesses are given for financing an employee plan.

Insurance Death Spiral

Even with the mandate, ObamaCare allows individuals to remain uninsured while they are healthy (paying a small fine or no fine at all) and to enroll in a health plan after they get sick (paying the same premium everyone else is paying). This is a recipe for disaster.

In Massachusetts, a growing number of people are remaining uninsured while they are healthy and getting insurance after they get sick.

Then, after they are treated and their medical bills are paid, they drop their coverage again.

It's a rational calculation: These individuals can spend thousands of dollars on insurance or pay a cheaper fine until the next illness when it's time to purchase a policy.

A better solution: (1) People who remain continuously insured should not be penalized if they have to change insurers, and (2) make insurance truly portable and available in a nationwide marketplace.

Tattered Safety Net

ObamaCare will add nearly 20 million Americans to Medicaid. Economic studies suggest that the newly insured will seek to double their consumption of medical care, with perhaps as many as 900,000 additional emergency room visits every year. Yet the law will not increase the supply of doctors, nurses or other providers needed to care for these newly insured patients.

As was the case in Massachusetts, there is no mechanism to stabilize safety-net institutions that will shoulder the biggest burdens.

There are better alternatives: (1) Allow Medicare and Medicaid to cover walk-in clinics and other nontraditional care — where the market can set prices, which will reduce costs, and (2) allow patients to share in the savings when they seek out high-quality, low-cost care.

Impossible benefit cuts for seniors

ObamaCare's cuts in Medicare are deep and completely irrational. More than half the cost of health reform will be paid for by cutting Medicare spending over the next decade. Seniors in Medicare Advantage plans in cities like Dallas will lose one-third of their benefits by 2017.

Before the end of this decade, Medicare will pay doctors and hospitals less than Medicaid. This will cause more doctors to stop taking Medicare, jeopardizing seniors' access to care.

What's the alternative? Medicare cost increases can be slowed by putting the program's enrollees in the driver's seat, not the government. Doctors should be freed to repackage and reprice their services to save money and attract patients.

Bipartisan Effort

We must also do more to innovate our way out of the long-term budget crises facing Medicare and Medicaid. Let doctors and hospitals reform the delivery system based on sound medicine and patient satisfaction.

Investing in research and development can speed new treatments and cures for diseases like Alzheimer's, diabetes and cancer, allowing us to cure patients rather than treat them.

The traditional gift for a first anniversary is paper, but ObamaCare isn't worth the paper it's printed on. It's bad medicine — for patients, doctors, hospitals and businesses. We hope the two parties will work together this year to actually improve health care, not break it even further.

But make no mistake: There's no avoiding the necessity of repealing ObamaCare to prevent it from doing further damage, even as Congress takes up better, more workable solutions.

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