

What Can Republicans Do About Obamacare?

Let it twist slowly, slowly in the wind.

John C. Goodman

November 10, 2010

Everyone expects the new Republican House of Representatives will vote to repeal Obamacare. This move will probably be blocked in the Democrat-controlled Senate, however; and failing that, the president will use his veto pen to save the Democrats' crown-jewel policy achievement.



Then what? Having health care as an issue may actually be a blessing for the GOP. Obamacare has been a gift to the Republican party. It was the single most important reason for their historic gains in last week's election. Better still, it's a gift that can keep on giving, if appropriately managed.

Remember, the really bad features of the law (mandates for individuals, fines for employers, federal regulation of everyone's insurance, government-run health-insurance exchanges) don't kick in for several more years (in 2014). In the meantime, Republicans don't really lose very much if the best argument for voting Republican in the 2012 election remains in place.

On the other side of the aisle, the health-care-reform bill is an albatross hanging around Democrats' necks. I doubt if any Democrat wants to cast an up-or-down vote on it again. And as long as it's there (especially if it's never really implemented), it will cost the Democrats many congressional seats. Imagine that the start date keeps getting pushed back. Along the way, Obamacare will be a big issue in every election. That scenario would be a nightmare for the Democratic party.

There is precedent for this. Under the Balance Budget Act of 1997, Medicare growth was supposed to be slowed by the gradual ratcheting down of payments made to doctors. Yet, Congress has voted to delay the cuts every year since 2003. Even though the cuts have been delayed for the last seven straight years, each year the Medicare trustees' report assumes they will be made in all succeeding years. And the issue returns for doctors and for the American Medical Association (AMA) every time we have an election. The so-called "doc fix" is always temporary, never permanent.

Ideally, one hopes the two parties will work together to reform health care in a way that's good for doctors and patients. If President Obama leaves us all with no choice, however, some have suggested using the House's control of the budget to deny funding for the program. That may be a good idea, but if it's all the Republicans do, they risk being seen as obstructionists and labeled "the party of no." Fortunately, there is much more that can be done.

Republicans should begin by voting to repeal the most politically unpopular features of health-care reform. That means no individual mandates, no individual or employer fines, and no regulations of the type that might cause McDonald's to drop coverage for 30,000 low-wage employees and the 3M Corporation to drop coverage for all its retirees. If there is a budgetary cost for these measures, pay for them by pushing back what I am going to call O-Day. That's the day (Jan. 1, 2014) when all the subsidies and mandates are supposed to kick in.

The Democrats will probably be able to block these moves, by either Senate filibuster or presidential veto. If they do, that will frame the issue for voters in 2012.

Then Republicans should come to the rescue of senior citizens. If nothing is done, Medicare will have to reduce its payments to doctors by 25 percent on Jan. 1, 2011. In the succeeding years, reduced payments get really brutal.

According to Medicare's Office of the Actuary, Medicare payments to doctors and hospitals will fall below Medicaid rates by the end of the decade. Think about what that means. Right now, Medicaid's low rates make it difficult for low-income families to find any private-practice doctor who will see them. As alternatives, they often turn to community health centers and safety-net hospitals. Now imagine seniors having to do the same thing, but being pushed to the rear of the waiting lines, as even poor people (with their Medicaid cards) pay the doctors more than what Medicare will pay for the elderly.

The short-term goal should be to push back the dates of these rate cuts by an election cycle or two. To pay for that action, push back O-Day as well. Just as the doc-fix problem gets postponed year after year, O-Day could be postponed again and again. If the Democrats resist, in each election the central issue will be: Do we want to put seniors on the ice floe in order to provide health insurance for young people? If the Democrats never yield, Republicans will eventually build up veto-proof majorities — even if Barack Obama is reelected president.

Ah, I know what you're thinking. Don't we need to think of ways to spend less, not more, on elderly entitlements? Isn't controlling Medicare spending essential to get the nation's fiscal house in order?

The answers to those questions are yes and yes. Obamacare is not a realistic solution to these problems, however. It claims to pay for insurance subsidies for the young with cuts in Medicare spending that the Democrats in Congress will never allow to take place. As explained above, if the cuts did occur, seniors would soon find themselves in a separate (and inferior) health-care system.

Let's hope Republicans and Democrats agree on Medicare reforms that will really control runaway entitlement spending. In the meantime, though, the Republican approach should be to cancel cuts that are never going to be made anyway and pay for the cancellation by delaying the implementation of Obamacare.

What has created such a rich opportunity for the GOP on health care is that the Democrats hugely miscalculated in putting the health-care-reform bill together.

The main beneficiaries of the new law are 32 million to 34 million people who otherwise would have been uninsured. Another group of potential winners are those with preexisting conditions. Let's generously estimate the entire group of beneficiaries at about 50 million people. That leaves about 250 million who are on the other side — expecting to lose more than they gain. Think about that. There are five losers for every winner under health-care reform!

Even more interesting, the gainers are largely dispersed and disorganized. In fact, most of them do not even know who they are. Do you know if you will be uninsured four years from now? Few people do. The reason? Uninsurance is like unemployment: It affects people unpredictably for short periods of time. The health-care-reform bill promises to spend billions of dollars four years from now on people we can't even identify today.

People who are going to pay for the reform, by contrast, are organized, focused, and aware that they are in the target zone. If you work for a tanning salon, if you make wheelchairs, if you are a health-insurance agent, etc., you may not know your exact burden, but you know that the law was not written for you. And seniors are politically focused and potentially organized.

Through it all, the Republicans should never forget their principles. A smart GOP will not merely exploit the weaknesses of Obamacare. It will also get firmly behind an approach to health-care reform that its members will seriously be prepared to enact if the Democrats are willing. This would include a commitment to making health insurance portable, affordable, and fair and a willingness to solve our most important health-care problems by removing perverse incentives, empowering individuals, and letting competition in a free marketplace control costs and improve the quality of care.

— *John C. Goodman is president and Kellye Wright Fellow of the National Center for Policy Analysis.*