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Conservative Think Tanks Readying Overhaul Alternative

By Meghan McCarthy

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While the “replace” part of House Republicans' health care strategy might be slow in coming, conservative think tanks are gearing up to deliver an alternative health care plan if the time comes.

The National Center for Policy Analysis and the Heritage Foundation, both conservative policy epicenters, hosted a panel the day before the House repeal vote to examine what they consider 10 “structural flaws” in the current law.

John Goodman, the president of NCPA, said in an interview that he wanted to get conservative thinkers together to make sure there was a unified message on what “they want changed and how.”

“I’m worried the critics don’t agree on anything” when it comes to specific policies to replace the current statute, said Goodman.

Although Goodman acknowledged this week’s repeal vote was “part show,” he also said it was educational, and the growing focus on the health care law could lead to a “more intelligent debate than we had last year.”

The panel largely focused on what's wrong with the current law, in the eyes of conservative thinkers, beyond the usual rhetoric of expanded government and killed-off jobs. One potential problem highlighted was “unfair” subsidies under the law for people who get coverage on the insurance exchanges, versus those who get coverage from employers.

Goodman believes the “bizarre system of subsidies” in the law will push low-income workers to seek employment at companies that do not offer health insurance coverage, because they stand to gain far more in subsidies from the federal government on the exchanges.

If low-income workers stay with their employers, “the only subsidy they get is currently in the tax law, the ability to pay premiums with untaxed dollars,” said Goodman, who estimated that benefit at around \$2,000 for a worker making \$15 per hour. But if that same worker goes to the exchange, insurance coverage for a single family, for example, could get picked up by the government at the cost of approximately \$15,000.

“Where do you think people are going to wind up?” asked Goodman.

Concern over the subsidies was echoed by former Congressional Budget Office Director Douglas Holtz-Eakin.

“There is some deep unfairness in the way these subsidies are structured,” said Holtz-Eakin.
“That’s an inequity that’s so profound I don’t believe it will be allowed to persist.”

Holtz-Eakin said he feared Congress would eventually give everyone a subsidy to address the imbalance, driving the cost of the current law far higher than current estimates.