



What if Republicans Win?



[JOHN GOODMAN](#), President and CEO of National Center for Policy Analysis

OCT 25, 2010

Quite a few Democrats and almost every Republican are running against ObamaCare in this fall's elections. What if they win?

The new Congress will have an opportunity to substantially change the course of health care reform. Outright repeal would undoubtedly face President Obama's veto pen. But that's not even what the public is asking for. Polls show that voters want health reform. They just don't like the current version of it.

To understand the reasons why, it's helpful to review who won and lost under the measure that became law last spring. The big winners are most (but certainly not all) of the 32 million who will eventually become insured plus some people with high health care costs. Let's generously peg that combined total at 50 million. The other 250 million Americans are going to lose more than they gain. That's right. For every winner, there are five losers.

So, the second round of reform will have to tackle some of the most important problems of ordinary Americans. In my opinion, that means making health insurance portable, affordable and fair.

Portable Insurance. If you took a poll, I believe you would find that the single biggest problem most nonelderly Americans have with their health insurance is a lack of portability. If they get laid off, quit their jobs or just retire, they lose their coverage.

For those who think the problem is solved with a health insurance exchange coupled with government subsidies and community-rated premiums, take a look at Massachusetts. There, if you lose your group plan coverage and buy subsidized insurance from the state's exchange, you will have insurance that pays doctors little more than Medicaid rates. You'll move from the head of the waiting lines to the rear. Here's a better solution.

Employers should be able to buy individual policies for their employees with untaxed dollars – a change that would require amending federal law. But right now, that is [illegal](#). Employers can buy group

insurance, but not individual insurance — even though the insurance may be just as good and has the added advantage for employees of being portable. (See my own suggestion for [four](#) steps to portability at the state level.) Note: This proposal would not require employers to buy portable insurance for their employees; it would only allow them to do so.

Affordable Health Insurance. The individual mandate to buy insurance, starting in 2014, and the requirement that employers provide coverage for workers should be dropped. Instead, the government should offer reasonable tax relief to help consumers buy reasonable coverage. But for this approach to work, we must (a) live within our means and (b) deal with everyone fairly.

Did you notice [recent reports](#) that McDonald's was questioning whether to continue offering the "mini-med" insurance plans it currently makes available to its estimated 30,000 low-wage employees because of the health law's minimum benefit requirements and the fines that result if the plan falls short? (These types of [plans](#) generally cost about a \$100 a month, cover some routine medical expenses but have annual deductibles or benefit caps and no catastrophic coverage.) I suspect many more large employers will find themselves in a similar fix.

This example drives home a key problem that stems from the health law's minimum plan requirements. Ten-dollar-an-hour employees and their employers cannot afford insurance that costs more than \$5,000 for individuals and more than \$12,000 for families. Surprisingly, the health reform bill does nothing to help them.

The law's minimum-benefit-mandates also will affect baby boomers who retire before they become eligible for Medicare, making their insurance more expensive than it would have been. Further, above-average-income retirees will get little help from government if they buy the required insurance in a health insurance exchange and they will face a hefty fine if they don't.

Even employees who think they have post-retirement benefits from an employer may face an unpleasant surprise. The [3M corporation](#) just announced it will be ending its coverage for its retirees and sending them instead to the health insurance exchange.

Fair Health Insurance. What we have to do is take the tax subsidies already in the system and add to them whatever taxpayers are willing to pay.

For instance, instead of the arbitrary, unfair and regressive tax subsidies that pervade the current system as well as the new health reform law, every single adult should get a refundable health insurance tax credit of \$3,000. Every family should get \$7,500. And that's that. Taxpayers would be able to use their credits to pay for the first \$3,000/\$7,500 of their private health insurance premiums. (See my original [Health Affairs article](#) with Mark Pauly and my summary of the [Coburn/McCain approach](#).) People would pay additional costs from their own resources, but I suspect individual choice and market competition will allow many to make do with those limited subsidies.

What about pre-existing conditions? President Obama and the Democratic leadership in Congress have blurred the distinction between people who are uninsured through no fault of their own and people who are willfully so. We can have a workable system in which people who are continuously insured do not lose access to the system merely because they retire or lose their jobs. For example, one idea is to let everyone purchase regular insurance as well as change-of-health-status insurance. The latter would protect against illnesses that create new pre-existing conditions.

However, we cannot allow people to game the system by opting not to be insured while healthy and then getting insurance at the rates everyone else pays when they get sick. Such gaming is already [threatening the Massachusetts health plan](#).

Here is what is most interesting about all of this. In solving the problems of ordinary Americans we can go a long way toward cleaning up and fixing ObamaCare. In helping middle-class voters we can, at the same time, help everybody else.

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