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## Newt's Wrong, Most Conservatives Opposed Insurance Mandate

By Merrill Matthews, Contributor

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In the recent Iowa Republican presidential debate, Newt Gingrich went on the defensive regarding his previous support for a mandate requiring people to buy health insurance. “In 1993, in fighting Hillarycare, virtually every conservative saw the mandate as a less dangerous future than what Hillary was trying to do,” he claimed.

That’s wrong. There was, in fact, a heated battle among conservatives, with a handful pushing for the mandate and the large majority opposing it. And the mandate opponents won—then, and now. I know because I was in that battle.

Gingrich went on to say that “the Heritage Foundation was a major advocate” of the mandate. Heritage, the largest of the conservative think tanks, started promoting the idea in 1989 in a study entitled “A National Health System for America,” edited by Stuart Butler and Ed Haislmaier. But no one much cared until 1992 when then-presidential candidate Bill Clinton turned the issue of covering the uninsured into a national debate.

I had just started working for the National Center for Policy Analysis, a Dallas-based think tank that, while covering a range of policy issues, specialized in health policy. The president of the organization, economist John Goodman, was actively promoting what is now referred to as consumer-driven health care, the notion that consumers should have more control over their health care dollars and decisions.

Goodman saw the health care reform debate as a battle for the future of the health care system—and perhaps for the conservative movement. He had recently published a major study promoting Medical Savings Accounts (MSAs)—now referred to as Health Savings Accounts (HSAs)—which combine a high-deductible health insurance policy with a tax-free account used for paying smaller and routine health care expenses.

The Heritage health policy people, while generally supporting MSAs, were enamored with the Federal Employees Health Benefits Program (FEHBP). In the FEHBP numerous private sector health insurers, operating under federal oversight, compete for federal employees, who can choose the plan they want and switch plans annually—an approach known as “managed competition.” Heritage called its approach “consumer choice” and hoped to expand the FEHBP model to the country as a whole and require everyone to participate.

Even Mitt Romney’s Massachusetts reform, which Heritage played a significant role in developing, can be seen as a state-level attempt to mirror the FEHBP: It has a health insurance exchange called a Connector, which performs the function of the FEHBP. Private sector health

insurers agree to participate and individuals and companies join the Connector and choose among the plans. And they get to change plans annually.

In 2006, shortly after the legislation passed, Haislmaier was speaking to a group of state legislators and policy experts where he defended the Massachusetts plan and boasted of a long list of state officials who had contacted him for more information about implementing a Massachusetts-style plan in their states.

The problem is that managed competition—which was also the model for the Clinton plan—doesn't work very well, at least outside the confines of an employer. John Goodman and Gerald Musgrave published in 1994 “A Primer on Managed Competition” explaining some of the perverse economic incentives inherent in that model—such as choosing a less expensive plan until major medical care is needed and then shifting to more comprehensive and more expensive coverage—and why the government must heavily manage it. They predicted some of the problems we're now seeing in Massachusetts.

Some Republican politicians—Sen. Don Nickles of Oklahoma, Rep. Jim McCrery of Louisiana, former Vice President Dan Quayle, and of course Newt, among others—picked up on the Heritage proposal. But virtually every other conservative or libertarian think tank or policy organization opposed it, choosing the MSA model instead.

The true conservative alternative plan was born in March of 1993, when then-Texas Senator Phil Gramm held a meeting in his office that included two econometricians, his health policy staffer and me, representing the NCPA. Gramm resolved to take on Clintoncare and wanted as an alternative a comprehensive health care reform bill that focused on Medical Savings Accounts. His staffer would write the bill, and he needed the rest of us to provide policy advice regarding how to make it work. Once Gramm, accompanied by Texas Rep. Dick Armev, started preaching MSAs, they became the market-based alternative to the Clinton health plan—and they have been the key ingredient to every major Republican health care bill since.

Does that mean Gingrich is in trouble with conservatives for supporting an insurance mandate? Hardly. First, several Republicans have supported the idea over the years, including recently, until it became clear that it is unconstitutional.

Additionally, virtually all conservatives, including Heritage, have come to realize that the mandate is the gateway drug to control the health care system, and if there is one clear health policy difference between Republicans and Democrats, it's that Democrats do not think the health care system will function without massive government control, while Republicans want consumers in control.

Finally, Newt has openly admitted he made a mistake, and he never forced the mandate on his constituents—which is a whole lot more than Mitt Romney can say.

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