



A Health Insurance Plan *President* Gingrich Might Support

By MARILYN WERBER SERAFINI
Dec 23, 2011

Republican presidential candidate Newt Gingrich has been pounded by his opponents for once backing a mandate that people buy health insurance. But he has received little attention for another health care idea that he has explored and that also could prove controversial.

The lesser known proposal would encourage people to purchase insurance by giving them tax credits or deductions. Those who don't buy insurance and need care would get it through hospitals and clinics serving the poor, which would receive subsidies not claimed by individuals.

Gingrich has "explored [the idea] and is generally supportive of it," David Merritt, a campaign adviser, said in an interview. In March, Gingrich asked the author of the concept, conservative think tank president [John Goodman](#), to explain it at an event sponsored by the [Center for Health Transformation](#), a collaboration of public and private sector leaders that Gingrich founded in 2003.

But Gingrich hasn't promoted the idea in his campaign. While his website offers support for tax credits or deductions to purchase private insurance, an approach popular among some conservatives, it doesn't mention subsidies for so-called safety-net hospitals to care for the uninsured.

The latter proposal raises several important questions, says Alan Weil, executive director of the National Academy for State Health Policy, a nonpartisan organization that works with states on health policy issues. To begin with, which hospitals and clinics would receive the federal subsidies to treat the uninsured?

While some hospitals are publicly owned and serve a high proportion of indigents, many first-rate urban teaching hospitals also treat a lot of poor patients. "They are doing the highest-end clinical trials and using the newest techniques, but they are treating every medical problem that walks in the door," said Weil.

Other issues would have to be addressed, Weil says, including how to deal with the health needs of illegal immigrants who almost certainly wouldn't receive tax credits. Another would be determining the amount of the tax credit since older people pay more for insurance because medical spending generally increases with age.

[Goodman](#), who heads the [National Center for Policy Analysis](#) in Dallas, offers some details. While he isn't an official Gingrich adviser, he has been talking to Gingrich about health care for

more than two decades, and worked with him in the early 1990s to get Congress to promote medical savings accounts, which preceded health savings accounts.

“Newt has been a fan of Goodman for a long time, going back to his advocacy of health savings accounts,” Merritt said. “They agree on pretty much all of the issues and they’ve swapped some ideas.”

Goodman would restructure tax incentives for health insurance. Currently, both employers and employees get tax breaks for employer-sponsored group health insurance, but individuals who buy policies on their own do not. He would scrap that system and instead make available to every individual a refundable tax credit to purchase insurance. The subsidy would be the same for everyone, regardless of age, income or health status.

Goodman envisions a credit of about \$7,000 per family to buy basic, catastrophic coverage. An individual, or an employer, could kick in more money to obtain richer benefits. If a health plan costs less than the subsidy, the person could keep the after-tax savings, after taxes.

For individuals who declined to use the tax credit to buy insurance, the federal government would redirect the subsidy to help fund safety net institutions, which would then care for the uninsured.

“If you turn us down and decide to be uninsured, we take the credit that would have gone to you and put it in a safety net,” Goodman said at the March event. “We’re not going to let you go without care, and the safety net is not as attractive as private sector medicine. But the government makes a commitment to the people. If you want insurance, we put the money there. If you want to be in a safety net, we put the money there.”

Sitting on the panel with Goodman, Gingrich stressed the importance of providing access to care to as many people as possible. “It’s much easier to guarantee access to care than it is to guarantee insurance,” Gingrich said. “You can design a system that pays for emergency rooms and community health centers. You can guarantee every American gets care. What gets expensive is guaranteeing that every American is going to go to the most expensive place in America, for the most expensive treatment, at their convenience, when they feel like it.”

Giving individuals greater power to make purchasing decisions will only work, however, if the government makes it easier for people to buy coverage in the individual insurance market, said Merritt. For those who have been unable to get affordable insurance because of poor health, Gingrich wants to improve the state network of high-risk pools used by people who have been turned down for individual policies.

“If you put everyone in the same market, it raises premiums for everyone,” Merritt said. “High-risk pools are a way of providing coverage without raising premiums for everyone else.” Under the health law, high-risk pools are phased out after 2014, when individuals will be able to purchase health insurance through state exchanges.

Merritt says to expect more detailed health proposals if Gingrich becomes the Republican presidential nominee. “It’s hard to be focused on health care when the focus has been on jobs and the economy,” he said.