



Health Reform Needs a Competitive National Marketplace

November 17th, 2008

The Health Reform proposal championed by Sen. Max Baucus would require individuals to have health coverage, and force employers to contribute to its cost (mostly by reducing workers' take-home pay). In addition, millions more children and adults would be eligible for public subsidies, Medicare, Medicaid or SCHIP.

Sen. Baucus' proposal is not new. It has elements in common with other plans – including Hillary Clinton's previous campaign. The Baucus package goes much farther than what President-elect Barack Obama has proposed. Indeed, Baucus is guilty of the same heavy-handed approach that Obama once criticized Sen. Clinton for advocating; forcing people to buy something they cannot afford and then imposing a heavy fine on them when they don't buy it.

Taxpayers should also worry about creating massive new entitlements that further strain the budget. Moreover, expanding public coverage will not boost access to care. In Massachusetts, the model for Baucus' proposal, many of those newly insured under state-subsidized plans are having a hard time finding a primary care doctor who will accept them.

Finally, Baucus also would impose costly insurance regulations. His plan would force insurers selling coverage in the individual market to accept all those who apply at rates that cannot be adjusted for health status. Politicians are fond of saying this will make insurance affordable because everyone will be covered. What politicians really mean is the premiums for a few people will be lower when many others are required to pay higher premiums to subsidize them. This merely shifts costs from one group to another – creating winners and losers. The losers are usually younger people who could have purchased coverage at one-third of the cost based on their actual risk.

The solution lies in creation of a truly competitive national marketplace, not in expanding regulations, hiking costs and further limiting access for patients.

-Dr. Devon Herrick, Senior Fellow