

Focus on alternative health plan

By David Brooks

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Hostility toward the Supreme Court has risen sharply since Chief Justice John Roberts upheld the Obama health care law. People are apparently angry that the court didn't rid them of a law they detest. But if Americans want to replace this thing, they should do it themselves.

The case against "Obamacare" is pretty straightforward. In the first place, the law centralizes power. Rep. Tom Price, R-Ga., counted 159 new federal offices, boards and councils, though nonpartisan researchers have had trouble reaching an exact tally. In the first six months after passage alone, federal officials churned out an awesome 4,103 pages of regulations.

The law also creates the sort of complex structures that inevitably produce unintended consequences. The most commonly discussed perverse result is that millions of American will lose their current health insurance.

A report by the House Ways and Means Committee found that 71 of the Fortune 100 companies have an incentive to drop coverage. But nobody really knows. A Congressional Budget Office study this year estimated that 20 million could lose coverage under the law or perhaps 3 million could gain employer coverage.

There are other possible perverse effects. According to a report from the Department of Health and Human Services, over the next 75 years Medicare payment rates for inpatient hospital services would steadily fall from around 67 percent of private insurance payment rates to an implausibly low 39 percent. Doctors would either flee the program in droves or Congress would override the law, exploding the costs.

The law threatens to do all this without even fixing the underlying structures that make the American health care system so inefficient. It fails to fix the fee-for-service system that rewards people for the volume of services provided. It fails to fix the employer tax exemption that hides costs and encourages overspending.

Critics of the bill shouldn't be hating on Roberts. If they can't make this case to the voters, they really shouldn't be in public life. Moreover, there are alternatives. Despite what you've read, there is a coherent Republican plan. The best encapsulation of that approach is found in the National Affairs essay, "How to Replace Obamacare," by James Capretta and Robert Moffit.

Capretta and Moffit lay out the basic Republican principles: First, patients should have skin in the game. If they are going to request endless tests or elaborate procedures, they should bear a real share of the cost. Instead of relying on the current tax exemption that hides costs, the Republican plans would offer people a tax credit for use to purchase the insurance plan that suits their needs. The tax credit could phase out for the wealthy. Employees of small business who aren't covered now would see an immediate benefit.

Second, Americans should be strongly encouraged to buy continuous coverage over their adulthood. Then insurance companies would not be permitted to jack up their premiums if a member of their family develops a costly condition.

Third, the Republican approach would encourage experimentation in the states instead of restricting state flexibility.

Fourth, instead of locking Medicaid recipients into a substandard system, the Republicans would welcome them into the same private insurance health markets as their fellow citizens. This would give them greater access to care, while reducing the incentives that encourage them to remain eligible for the program.

Fifth, this approach would replace Medicare's open-ended cost burden with a defined contribution structure. Beneficiaries could choose from a menu of approved plans. If they wanted a more expensive plan, they could pay for it on top of the fixed premium.

Finally, under this approach, any new spending would be offset with cuts so that health care costs do not continue to devour more and more of the federal budget.

Republicans say they trust the people. If that's true, then they won't waste another futile breath bashing the court for upholding "Obamacare." They'll explicitly tell the country how they would replace it. Democracy is a contest between alternatives, not a deus ex machina stroke from the lords in black robes.

— David Brooks is a columnist for The New York Times.

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