

Bush plan won't cure what ails us Register Guard
February 8, 2007 By Peter DeFazio

The Register-Guard editorialized on Jan. 28 that the health care proposal put forward by President Bush in his State of the Union address is "modest," "fine," and "constructive."

While the president's proposal may sound innocuous, it is not. It represents a radical departure from the very concept of insurance and pooling risk. It undermines Social Security and Medicare. It serves the goal of eliminating the social safety net and shifting all economic risk onto individual families. All this and it would cover, at best, one in 10 Americans who are uninsured.

The president would solve the "problem" of Americans having too much health care by undermining the employer-based health care system through which 62 percent of Americans get their health care. In its place, he wants you to go, hat in hand, to insurance companies and purchase an individual health care plan on your own.

The Commonwealth Fund reports that Americans who purchase individual plans "give their health plans lower ratings, pay more out-of-pocket for premiums, face higher deductibles, and spend a greater percentage of income on premiums and health care expenses." That's exactly the point from the president's perspective: get Americans to use less health care by raising your expenses.

Of course, as The Register-Guard rightly points out, tens of millions of Americans can't get individual insurance plans because insurance companies deny or limit coverage or charge exorbitant prices to avoid covering those who most need insurance. The president's plan actually makes things worse for people who are already sick because they will face higher premiums in the individual insurance market, if they can get coverage at all.

The president's proposal is centered on a tax deduction of \$15,000 for a family and \$7,500 for an individual. A tax deduction will not make these plans more affordable or available.

In addition, because this exclusion would also reduce payroll taxes, it would undermine Social Security and Medicare by cutting the revenue coming into these critical programs at the same time they face other financial pressures. Medicare Part A, which is funded via payroll taxes and covers in-patient hospital costs, skilled nursing care, home health care and hospice care, could be hit hard.

And, although details about the president's plan are scarce, leading experts argue the payroll tax changes will lead to cuts in Social Security benefits. According to the director of the non-partisan Tax Policy Center, "A family earning \$30,000 a year could see its retirement benefit cut in half."

A better approach is:

1) Repeal the insurance industry's anti-trust exemption.

Insurance companies and Major League Baseball are the only two industries to be exempt from anti-trust laws. That means insurance companies can legally collude to raise prices and exclude individuals from coverage. I am reintroducing legislation to repeal this exemption in order to restore competition to the industry.

2) Create a federal plan.

The plan's benefits should be based on the Federal Employees Health Benefit Program, the insurance provided to members of Congress, and Medicare that would compete on price and service with private insurance plans. Premium assistance would be provided to lower-income individuals and families.

The federal plan would be funded from money currently used for Medicaid and money that goes to reimburse hospitals and others who provide uncompensated care to the uninsured today. There would also be cost sharing by beneficiaries and a modest buy-in by employers who do not offer insurance.

You would be able to choose your doctors. No one who currently has insurance, whether private or via federal programs such as the Department of Veterans Affairs, military health care, or Medicare, would be forced to change. This plan would keep what works reasonably well in the current system, but would also provide a new option for individuals and employers who now cannot afford insurance.

The health care challenges facing our country are extremely complex. But, as the Hippocratic Oath says, "First, do no harm." The president's proposal violates that maxim by making the current situation worse. Congress should leave the president's proposal in the operating room, not revive it.