

## Why Healthcare Reform May Fail . . . Again

On September 16, 2009, Senate Finance Chairman Max Baucus (D-MT) found out what happens when you give a party and nobody comes. On that date he took the podium alone before a roomful of journalists and formally announced his health care reform bill. Apparently, no colleagues from either party were willing to stand with him. Small wonder, the legislation included \$500 billion in Medicare cuts, mandated universal coverage, member-owned purchasing “co-ops”, a potential price tag only slightly below \$1 trillion and no public option. In short, *it had something for everybody to dislike.*

Is it possible that the phrase in italics is the reason why yet another attempt to reform America’s health care system may fail? If *every* provision in a Health Care Reform bill is opposed by *someone*, the accumulative affect of this opposition could potentially defeat the bill. It was the *accumulation* of straws that broke the camel’s back. The same thing may happen to Health Care Reform. Let’s take a look at just 6 key provisions of the current proposal and who opposes them:

Plan Feature	Who Opposes It
<p style="text-align: center;"><b>The Public Option</b></p>	<p>Clearly, this is one of the most controversial features of the reform movement. The health insurance companies are threatened by it and see it as the first step toward a national health care system and the end of the private health care insurance industry.</p> <p>Conservatives see the Public Option as an attempt by the federal government to take over a huge segment of the economy and cry “socialism!!” whenever it comes up.</p> <p>Finally, there are those who (rightfully) fear the cost of such a plan. It brings to their minds the old saying, “If the government made beer, a six-pack would cost \$100.00”.</p> <p>However, after all the above, it is becoming evident to us here at Mahoney&amp;Associates that the political climate has been changing rapidly and some form of a government plan will most likely be included in the final proposals. This is not a good thing in our opinion.</p>
<p style="text-align: center;"><b>Individual Mandate</b></p>	<p>Millions of young Americans choose not to purchase health insurance in the belief they will not need it. Therefore, members of this group are opposed to the provision in the Reform Bill that requires them to buy coverage or, failing that, pay a special excise tax.</p> <p>“Opting out” by this very large number of citizens undermines two of the fundamental principles of a healthy insurance industry - the law of large numbers and avoiding adverse selection.</p>

<p><b>Cadillac Plan Tax</b></p>	<p>These have been defined as “plans that are very expensive, very generous and require little or no out-of-pocket expense for those who have them”. (Ironically, Medicare when “beefed up” with a good Supplemental plan fits this very definition.) Public employers and many labor unions provide these types of plans and are vehemently opposed to the plans being taxed as a way of discouraging their use.</p>
<p><b>Medicare Cost Control Measures</b></p>	<p>Attempting to modify Medicare in any way is tantamount to poking a hornet’s nest with a stick. It’s no surprise that plans to help finance Health Care Reform by “modernizing and improving” Medicare have millions of seniors and many physicians in an uproar. Their concerns are not assuaged in the least by promises from the White House that the savings will come from eliminating waste and fraud. (It is as if “they” are allowing Medicare waste and fraud to continue as long as they don’t need the money for something else.)</p>
<p><b>Employer Mandate</b></p>	<p>This Mandate gives employers the option of providing health insurance for their employees or paying a financial penalty (tax). It has the potential of putting extreme financial pressure on small businesses and, in some cases, may bankrupt them. Further, if the tax is less than the cost of offering insurance, some employers will probably cancel their group insurance programs and just pay the tax. Even if the tax is a little more than group insurance, the employer may still opt to pay it and eliminate the administrative costs and headaches of offering insurance. Many businesses and business groups oppose this measure.</p>
<p><b>Exclusion of Undocumented Immigrants</b></p>	<p>The Public Option may be controversial but the question of covering/not covering undocumented immigrants, also known as illegal aliens, is downright explosive. At first blush, almost everyone wants them excluded from reform. “They are in our country illegally and they don’t pay taxes so we should not cover them” goes the argument. Yes, but, if we don’t cover them they will continue to use Emergency Rooms as their primary care physicians, a very expensive proposition. Further, barring them from easy access to preventive care will make it more difficult to curb the spread of infectious diseases like tuberculosis and swine flu. Nevertheless, a huge number of citizens oppose covering illegal aliens.</p>

There's probably enough opposition in these six features alone to kill Health Care Reform, and we haven't even discussed cost!

For the average American, trying to comprehend a cost projection of "\$900 billion over a ten year period net of Medicare and other savings" is like trying to comprehend Einstein's Theory of Relativity. At least Einstein's Theory never changes. The cost estimates change virtually every day and vary widely from one prognosticator to another. Which of the various estimates can we trust, if any?

While there is still much confusion and mis-information coming out of Washington D. C., and the news media, one thing is crystal clear to everyone; our health care system needs improvement. Most assuredly, we will have some changes and it won't be long now before we know what they are.

Hold on tight; this ride is about to start!

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