

 **HEALTHCARE REFORM:
Yes! A successful free
market framework
is possible!**



By **Stephen L. Bakke**  **March 8, 2015**

(Submitted as Guest Opinion to Minneapolis StarTribune and Fort Meyers News-Press – March 2015)

Repeal/replace vs. fix: A distinction without a difference!

I'm an enthusiastic proponent of healthcare insurance reform and all the "good stuff" like guaranteed insurability. ObamaCare was doomed from the start because it never identified and prioritized achievable goals for reform.

The most glaringly disasters have been: costs are probably double original projections; and the signup of those uninsured is far below original goals – 10 million vs. over 40 million hoped for. The numbers aren't likely to improve as CBO estimates that over 30 million citizens will remain uninsured in the long run.

There's a general consensus among politicians that ObamaCare should change, but there's a "party line" argument whether to fix, or repeal and replace it! The partisans see these different approaches as incompatible with bipartisan agreement. They're wasting time by arguing, because **it's a distinction without a substantive difference.**

Just get out of the way!

Here's how a free market capitalist might structure a competitive insurance market using simple legislation, minimal bureaucracy, and limited regulations:

- Establish a standard of individual/family policy ownership. This would promote true portability of coverage. There's nothing better for competitive cost control than the transparency this would provide.
- This system would be a combination of catastrophic (major medical) coverage, which tends to be cheap, enhanced by individual tax favored health savings accounts (HSAs) for "first dollar" (routine expense) coverage. The individual/family policy owner would choose the level of deductibles and co-pay amounts.
- There would be a "shopping cart" to choose coverages for each individual or family. Buy what you want and need!
- Remove the prohibition for insurers to compete cross state lines. This would provide more alternatives and more choice.
- "Smooth over" certain concerns like the harmful aspects of annual or lifetime limits.
- Eliminate situations where preexisting conditions can block coverage.

- With some limitations, permit insurance companies to underwrite coverage as they see fit. You can't have a "well-oiled" insurance payment system, which deals with risks, without an underwriting process. This underwriting would affect cost, NOT insurability!
- For extreme cases that are otherwise excluded by virtue of the insurance companies' permitted underwriting rules, we would establish a taxpayer funded pool for isolated underwriting "casualties."
- These people would have health coverage guaranteed if they want it, and their subsidy would bring their rates ONLY back to "market level" – not farther! This subsidy would be made available through the tax filing system.
- Many who are not now covered have chosen not to go into the existing Medicaid program. I would prefer they be accommodated through the general marketplace. Given the right incentives, most would choose to get coverage.
- If there are favors to be granted – e.g. for individuals and families at low levels of income, or because they are "underwriting casualties" – that would be accomplished on the tax return using tax deductions, tax credits, and refundable tax credits where necessary. i.e. MAJOR INCENTIVES!
- Individuals and families would choose and pay for their own policies, have ownership of those policies, and would be subsidized ONLY through the tax treatment of their health care expenses.
- DON'T transform the country and the entire health care and payment systems in an attempt to "central plan" everything!

Huge costs would be saved compared to ObamaCare because the focus is on solving problems and virtually NO new bureaucracy is created. Certain responsibilities would be handled by existing IRS personnel, and there are already more than adequate numbers of insurance regulators at the state level.

More competitors would be vying for everyone's business, and people would want what they want and would deal directly with the care provider and insurance company. We must learn to trust people to make their own choices!

Many of our existing problems stem from departures from free market principles and bureaucratic interference. We must institute and maintain an unimpeded free market composed of providers, insurers, technology development, pharmaceutical development, manufacturers of equipment and drugs, and those marketing these products and services.

We should set up a framework for success, establish basic rules and regulations for competition and compliance with goals, adjust tax laws and regulations to accommodate this system ... **THEN GET OUT OF THE WAY!**