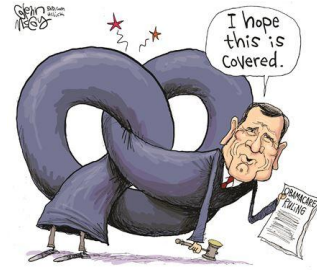


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 **BIPARTISAN
HEALTHCARE FIX:
THE WAY
FORWARD!**

By Stephen L. Bakke  July 3, 2015



Hey SB! SCOTUS has now spoken and upheld the controversial O-Care “individual mandate.” This almost guarantees that whatever healthcare payment (insurance) system we have in the distant future will have at least a few “scars” from the dreadful original legislation. At this point, to have very much hope of a clean “repeal and replace” solution would be like “doin’ you know what into the proverbial wind.” But success can come in many ways!

Many of our current and historical problems stem from departures from true free market principles and bureaucratic interference. Our current O-Care inspired system suppresses true market forces even worse than pre-O-Care. We must do all we can to institute and maintain an unimpeded free market composed of providers, insurers, technology development, pharmaceutical development, manufacturing of equipment and drugs, and marketing of all these products and services.

SB, you always contended that “fix” could be just about as good as “repeal and replace” (Click [HERE](#) for link), so let’s focus on that! Show us the way to get it done in a bipartisan way! Well get on it!! – Stefano Bachovich – obscure curmudgeon and wise political pundit – a prolific purveyor of opinions on just about everything – my primary “go to guy.”

Even if you like the decision made by SCOTUS in the legal challenge to the Affordable Care Act’s (ACA) “individual mandate,” it’s easy to reach the conclusion that the court, and Chief Justice Roberts in particular as author of the majority opinion, did a few contortions to ignore non-ambiguous language of the original law. There were even public statements by the bill’s architect regarding the manipulative intentions of this carefully crafted wording, clearly intended to coerce states into compliance. It wasn’t ambiguous! It was clear and INTENTIONAL!



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Nevertheless, BURY IT! GAME OVER! We now need to pick up the cards we have been dealt, and make the most of it. I know we can come up with something very satisfying, given where we have been, and are now. We must identify the valuable goals of the legislation and retain those. We must come up with the wasteful parts of the ACA, dispose of those, accept the things we cannot change and make sure free market enthusiasts are heard. I believe we can come up with a bipartisan agreement.

The curious task of economics is to illustrate to men how little they really know about what they imagine they can design. – Friedrich Hayek

THE PROBLEM

While talking about improving competition, here's what Obama has done to actually limit choices and suppress real competition in the insurance market. A broad variety of choices is the engine that drives meaningful competition. Consider:

- The ACA created an artificial definition of acceptable standards for insurance coverage.
- There is no opportunity to choose what coverage is best for an individual or family.
- The minimum standards of coverage, including coverage clearly irrelevant, unwanted coverage (e.g. maternity benefits being priced into older persons' policies), tends to eliminate differences between insurance companies. There is less opportunity to offer competitive alternatives, or package their product in different ways.
- The ACA not only removes choice by dictating insurance coverage, it also forms numerous boards that control treatment options. The United States Preventative Services Task Force (USPSTF) will be making decisions on what preventative services will be covered, and for whom and under what circumstances. That also stifles competition!
- The Independent Payment Advisory Board (IPAB) is given the responsibility of cutting Medicare costs, primarily through reduction of services, or reduction of payment for services rendered which will have the affect of reducing services provided. How does that make competition anything but weaker? They are directing all aspects of the system!

Those are problems – mostly because of the ACA's inclination of limiting choices. We need to come up with a solution palatable to "both sides of the isle." The balance of this report is what I think should be considered to accomplish that objective.

The standardization of benefits combined with a lack of insurer competition means consumers in Obamacare's exchanges will have very little choice. – Alyene Senger of The Heritage Foundation

THE FIX

HERE ARE THE THINGS THAT SHOULD BE RETAINED, and if done properly, add value to our healthcare system and satisfy some requirements of those currently enthusiastic about the ACA:

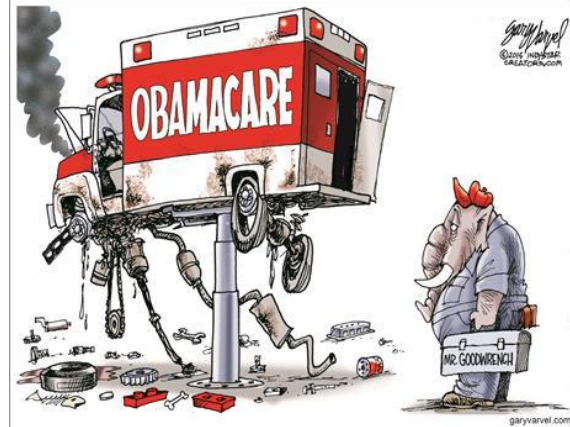
- No limitations on preexisting conditions.
- No annual or lifetime limits.
- "Guaranteed insurability" introduced by creating a subsidized high risk pool for uninsurable underwriting "casualties" (see **(1)** and **(2)** below).

HERE ARE THE THINGS THAT MUST BE RETAINED FOR PURELY PRACTICAL/POLITICAL REASONS if we expect to have bipartisan agreement which includes ACA supporters:

- State exchanges.
- Mandated catastrophic coverage with high deductibles permitted (see **(1)** and **(2)** below).

HERE ARE THINGS THAT MUST BE ELIMINATED from the current law. These don't fit with a free market approach and ACA opponents won't tolerate them, but removing them should be at least somewhat palatable to the supporters of the ACA as long as they get elements they really value:

- Governmental mandated coverage elements such as stipulated benefits and predefined levels of deductibles.
- Offspring coverage into adulthood.
- Government control amounts charged by physicians, hospitals, drug companies, and device manufacturers and distributors.
- Medical device tax.
- Mandated “first dollar coverage.” (Catastrophic coverage mandates would be partially retained, with “first dollar coverage” covered by HSAs – see **(1)** and **(2)** below for more information on both.)
- Any hint of, or potential movement toward, a single payer system or universal government provided healthcare.



HERE ARE THE THINGS THAT MUST BE INTRODUCED to have support of ACA opponents:

- Individual/family policy ownership and decision making – shopping cart approach. This would promote transparency of costs and ensure true portability of coverage.
- Insurance companies competing across state lines.
- Traditional underwriting by insurance companies.
- **(1)** Coverage a combination of high deductible catastrophic coverage (from insurance companies) and tax favored Health Savings Accounts (HSAs – deductions, tax credits refundable tax credits).
- **(2)** Any subsidies or payment for “high risk pools” would merely be administered and paid through the tax filing system – ie. medical deductions for all, tax credits for some, and refundable tax credits for the lowest income levels (i.e. refunds paid even beyond taxes withheld or paid in). This would have an uncomplicated sliding scale of subsidies tied to the level of income.

WHY THIS WILL WORK

Huge costs would be saved compared to the ACA 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 purchase 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!

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

One of the greatest economists of the 20th century said it is a fatal conceit for anyone to think that a single mind or group of minds, no matter how intelligent and well-meaning, could manage to do things better than the spontaneous, unstructured, complex and creative forces of the market. – Economist Walter Williams paraphrasing Nobel laureate economist Friedrich Hayek.