
CHAPTER FOUR

IMPROVING HEALTH CARE COVERAGE

1. Policy Recommendation: Repeal the Affordable Care Act and allow personal choice in health care

The Affordable Care Act (ACA), or Obamacare, became law in 2010 in a strongly partisan process, with no votes from the minority party in Congress. A majority of the American public has never supported the law and, in recurring polls, most people say they would like to see all or parts of it repealed.

The promises made by the proponents of the law have not been realized. The Affordable Care Act has not provided universal health insurance coverage or “Health Care for All,” as activists said. Sixty percent of people without insurance in 2010 remain uninsured. Hundreds of thousands of people were barred from keeping their existing health insurance, and were forced to give up coverage they liked and buy more expensive insurance instead. The law has not improved the quality of health care for people in the United States. Costs have not decreased and general access to health care has not improved.

Elected officials should repeal the unpopular ACA and replace it with patient-centered health care reform. In that way patients, not government officials, would control their health care dollars and people would make their own health care decisions.

Access to Health Savings Accounts

Policymakers should promote access to health savings accounts and affordable high-deductible insurance policies. The health insurance industry should be deregulated to promote normal competition and to allow companies to sell plans that people want – not plans that bureaucrats believe people need.

Restrictive mandates should be eliminated and people should be allowed to buy plans that fit their specific needs. This would increase competition in the insurance industry, reduce prices and create more flexibility and choices for consumers.

Allow more choice and lower prices

The federal individual and employer mandates should be eliminated. With more choices and lower prices, more people would purchase affordable health insurance for themselves and their families. Mandates would be unnecessary.

Half of the newly insured people covered because of the ACA were simply enrolled by state officials into the expanded Medicaid program. Medicaid was originally a safety-net government insurance plan for the poor, not a plan for able-bodied working adults. The current entitlement program is not financially sustainable.

Welfare entitlements were successfully reformed in the 1990s, making this core social safety-net program financially stable. The Medicaid program should undergo the same type of reform and return to providing basic health insurance for those who cannot afford coverage in the competitive market.

Reduce insurance mandates

Instead of the insurance mandates of community rating and guaranteed issue in the ACA, risk pools should be expanded for high-need and high-cost patients. Overall, policymakers should allow citizens to buy coverage for themselves and their families in a healthy, functioning health care market, while providing safety-net coverage for those who need it.

2. Policy Recommendation: End government-operated health insurance exchanges

Along with the expansion of Medicaid, the ACA created taxpayer subsidies given to people purchasing health insurance in state and federal exchanges, which are meant to function as insurance brokerages. People earning up to 400 percent of the federal poverty level, or \$97,000 a year for a family of four, can receive the subsidy payments.

The exchanges have been plagued by technical problems, and have seen a higher percentage of sick people enroll than government officials expected. This has caused the cost of insurance premiums to skyrocket in the exchanges. State and federal officials have been consistently wrong about how many people would use the exchanges and how much coverage would cost.

Buying insurance without financial penalty

At the same time private, online-insurance exchanges have proven to be much more efficient. However, consumers are punished if they use a private online exchange, because the rules of the ACA deny families the taxpayer subsidy they would otherwise receive.

If people truly need subsidies to purchase health insurance, tax credits or a voucher system would be less costly and more effective than the state exchange subsidies. The government should not create a cumbersome insurance brokerage that competes with the private market. Instead, public policy should work with the market, by allowing people to buy coverage privately without financial penalty.

3. Policy Recommendation: Make coverage more affordable by reducing the number of state mandates

Benefit and provider mandates in health insurance plans reduce access and drive up the cost of health insurance. Each state, through either statute or regulatory action, controls the number and type of mandates required in plans sold in that state. Not all mandates are equal, however. Some mandates add less than one percent to the overall cost of the plan, while others, such as requiring mental health coverage, can add 10 percent to the cost of coverage. On average, each mandate adds 0.5 to 2.5 percent to the overall price of the insurance plan and many states impose dozens of mandates.

Adding cost to family health insurance

The total number of mandates has persistently increased each year and now stands at over 2,000 for the nation and 58 for the state of Washington. Estimates vary, but state-imposed mandates add a minimum of 15 percent to 20 percent to the cost of buying family health insurance.¹

Every state requires mammography screening and maternity care. Breast reconstruction, mental health coverage and alcohol or substance abuse coverage round out the top five mandates and are required in 49, 48 and 46 states respectively.

Imposing mandates people do not need

The problem of course is that not everyone wants or needs these mandated services. The question is, why should the cost of mandated services be imposed on everyone through force of law? Why should an unmarried male be required to pay for maternity

¹ “The Cost of Health Insurance Mandates in Washington,” by Victoria Craig Bunce and J.P. Wieske, Legislative Memo, Washington Policy Center, February 8, 2005, at <http://www.washingtonpolicy.org/publications/detail/the-cost-of-health-insurance-mandates-in-washington>.

care in his health insurance plan? Through mandates the law forces health care consumers to buy coverage they do not want and will never use, which increases the overall cost of health insurance.

Mandates restrict patient choices

The Affordable Care Act makes the mandate problem worse. The law requires that everyone who buys a health insurance plan must pay for many of the same state-level mandates that are driving health care costs up. Consumers are already experiencing increased premium prices, as health insurance companies build in the costs of these added federal mandates.

Mandates restrict patient choices in health insurance plans, force people to buy coverage they don't want or need and, as a result, reduce access and drive up the cost of health care for everyone.

4. Policy Recommendation: Reduce costs by enacting commonsense tort reform

Unlike other western countries, the United States has a very active legal system and hospitals, doctors and other health care providers must constantly manage the impending threat of costly medical lawsuits.

In many states, commonsense tort reform, that is, a reasonable limit placed on the cost of a medical lawsuit, has helped hold costs down and provided a stable physician pool, while still allowing injured patients to have their day in court.

A meaningful cap on damages

A meaningful legal cap on non-economic damages is the most effective element of successful lawsuit reform legislation (injured patients would still receive full payment for all measurable financial losses). To a lesser extent, a statute of limitations on lawsuits and pre-trial screening are often effective in reducing the cost of specific medical malpractice lawsuits.

To control the rise in medical lawsuit costs, Washington state would need to amend its constitution. This would require a supermajority of legislative votes in both houses, a strong coalition of supporters, and broad support from voters.

In Washington state, lawmakers can most effectively reduce the cost of health care lawsuits, slow the rise in overall health care costs and increase patient access to high-quality affordable care by adopting reasonable limits on the non-economic costs of malpractice awards.

A better health care environment

Meaningful and reasonable caps on non-economic jury awards would encourage more doctors to stay in practice in Washington,

would promote greater expertise in key medical specialties, like delivering healthy babies and treating severe neurological injuries, and would make the state a more attractive place to practice medicine. A better health care policy environment would encourage University of Washington Medical School graduates and doctors from other states to open their practices in Washington. This reform would improve the affordability and quality of health care for all Washington residents.

5. Policy Recommendation: Encourage innovation in health services and consumer-directed health care

Allowed to function on their own, creative people in a free market have the ability to develop innovative solutions to the ongoing problems of funding and access in health care that would not work in a rigid government program setting. Policymakers should encourage more of these creative activities, letting private innovators in the market explore what works and what doesn't, and to pass the benefits on to health care consumers.

Innovations such as direct-primary care, convenient walk-in clinics, second opinions through the internet, telemedicine and diagnostic apps for smart phones have already demonstrated what the competitive free-market can offer in improving health care quality.

Government officials should encourage these innovations and should repeal stifling regulatory burdens, such as the competition-reducing Certificate of Need process, that punish bold thinking in creating new health services.

6. Policy Recommendation: Enact meaningful Medicare reform

There is wide agreement that the federal Medicare program is not financially sustainable in its present form. The program's costs are rising, the number of workers paying monthly taxes into the program is proportionately decreasing, and the number of elderly recipients is about to dramatically increase as more members of the baby-boom generation reach age 65.

We now have an entire generation of people that has grown up with Medicare, has paid into it their whole working lives and now expect full medical services in return. We also have people in younger generations who understand the bankrupt nature of the program and do not believe Medicare will still exist when they reach age 65.

A fair and workable solution

A fair and workable solution to the Medicare problem must account for the reasonable expectations of both of these generations, as well as provide reliable health coverage for future generations. As a country, we have an obligation to seniors already enrolled in the program and to those approaching retirement age.

A simple first step to Medicare reform would be gradually to raise the age of eligibility. When the program started in 1965, the average life expectancy in the U.S. was 67 years for men and 74 years for women. Average life expectancy now is 76 years for men and 81 years for women, straining an entitlement program that was not designed to provide health services to people for so long late in life.

Allow people to opt out

Much of the strain could be taken off Medicare by reviving the private insurance market for the elderly by allowing people to opt

out of Medicare voluntarily and allowing those seniors to purchase health savings accounts (HSAs) and high-deductible health plans. Low-income seniors could use vouchers or other type of premium support that would enable them to buy their own health insurance in the private market.

Physicians should be allowed to receive direct payments from Medicare patients or insurance companies, which by law, they cannot do now unless they leave the Medicare program entirely. That would allow wealthier patients to put more money into the system, reducing the political pressure on Congress to find more tax money to increase physician payments.

Building a health insurance nest egg

Future generations should be allowed to continue the individual health insurance they want to keep into retirement. Not surprisingly, younger people as a group are healthier than older people, so as the younger generation saves, their health insurance nest egg could build over their working lives until they need it in later years.

This is the same strategy that millions of people use today to prepare for retirement. The federal government informs people that they cannot rely only on Social Security to support them after age 67, and that all working people need to plan for the expected living expenses they will incur later on. The same should be true of Medicare regarding future health care costs.

7. Policy Recommendation: Reform and modernize the Medicaid entitlement program

The most important first step to reforming the federal Medicaid program is to redesign it so it no longer functions as an unsustainable, open-ended entitlement. Welfare reform in the late 1990s was successful because it placed a reasonable limit on how long able-bodied people could expect to receive taxpayer support. Similarly, to increase personal responsibility, Medicaid recipients should have a co-pay requirement based on income and ability to pay.

Where applicable, able-bodied Medicaid enrollees should have a work requirement. Like welfare, Medicaid should be viewed not as a permanent lifestyle, but as a transition program to help low-income families achieve self-confidence, economic independence and full self-sufficiency.

Rewarding a healthy lifestyle

It is condescending to believe poor families cannot manage their own health care as well as anyone else. Allowing them to control their own health care dollars through subsidized health savings accounts (HSAs) or premium support vouchers would financially reward enrollees for leading a healthy lifestyle and making smart personal choices. It would also show respect for low-income families, allowing them to be treated equally with others in the community.

Local control of the management and financing of entitlement programs works best. States, rather than the federal government, should be placed in charge of administering Medicaid. Block grants and waivers from the federal government would allow states to experiment with program designs that work best for their residents and to budget for Medicaid spending more efficiently.

Maintain the social safety net

The income requirement for receiving subsidized benefits should be returned to 133 percent of the federal poverty level. Medicaid is intended to be a social safety-net for people who need it, not a transfer payment to middle-income people to make them dependent on a government program.

Additional Resources

“Why Washington’s restrictive medical services certificate of need law should be repealed,” by Dr. Roger Stark, Policy Notes, February, 2016.

“Medicare and Medicaid at fifty,” by Dr. Roger Stark, Policy Notes, September, 2015.

“Almost half of insurance exchanges are fighting for survival,” by S.T. Karnick, The Heartland Institute, May, 2015.

“Health care reform: Lowering costs by putting patients in charge,” by Dr. Roger Stark, Policy Brief, July, 2015.

“The Impact of the Affordable Care Act in Washington state, by Dr. Roger Stark, Policy Brief, January, 2014.

“The Patient-Centered Solution: Our health care crisis, how it happened, and how we can fix it,” book by Dr. Roger Stark, January, 2012.

THE POLICY EXPERTS

ABOUT THE EDITOR AND AUTHORS

PAUL GUPPY | Vice President for Research

Paul Guppy is a graduate of Seattle University and holds graduate degrees from Claremont Graduate University and the London School of Economics. He worked for 12 years in the U.S. Congress as a Chief of Staff and Legislative Director. He writes extensively on tax policy, public finance and other issues. He is a frequent commentator on radio and TV news programs, and in newspapers across the state.



LIV FINNE | Director, Center for Education

Liv Finne is a graduate of Wellesley College and Boston University Law School. She is retired from civil litigation practice and is a partner in the small business she owns with her husband. She is the author of *An Option for Learning: An Assessment of Student Achievement in Charter Public Schools*; and *An Education Reform Plan: Eight Practical Ways to Improve Public Schools*. She is the founder and primary author of Washington Policy Center's widely-read education blog.



CHRIS CARGILL | Eastern Washington Director

Chris Cargill graduated from Gonzaga University with a degree in broadcast communications and political science. He worked as a TV news producer for 10 years and is an ex-officio member of the Spokane Valley Chamber of Commerce and the Tri-City Regional Chamber of Commerce. He has served on the Spokane Regional Transportation Commission Advisory Committee and currently serves on the Spokane Mayor's Advisory Council on Small Business. He is the author of numerous policy studies on Eastern Washington issues and is a frequent guest host and commentator on news radio stations.



JASON MERCIER | Director, Center for Government Reform

Jason Mercier is a graduate of Washington State University and serves on the board of the Washington Coalition for Open Government and Candidate Verification. He is also an ex-officio member of the Tri-City Regional Chamber of Commerce. He worked with lawmakers to create the state's renowned budget transparency website www.fiscal.wa.gov. In 2010, Governor Gregoire appointed him to the state Fiscal Responsibility and Reform Panel. He has testified numerous times before legislative committees on government reform issues, and his commentary and op-eds appear regularly on T.V., radio and in newspapers around the state.



TODD MYERS | Director, Center for the Environment

Todd Myers holds a Master's degree from the University of Washington, and he served as Director of Public Relations for the Seattle SuperSonics and the Seattle Mariners. He served on the executive team at the Washington State Department of Natural Resources and is currently a member of the Puget Sound Salmon Recovery Council. Todd is one of the nation's leading experts on free-market environmental policy. He is the author of *Eco-Fads: How the Rise of Trendy Environmentalism Is Harming the Environment*, and is a commentator for energy and environmental policy for *The Wall Street Journal*.



BOB PISHUE | Former Director, Coles Center for Transportation

Bob Pishue graduated from Central Washington University with a degree in economics. He worked at the Washington Research Council where he produced policy briefs on initiatives and referenda. He worked for eight years as Information Technology Manager and Human Resources Manager for a Bellevue-based retailer. For three years he was Director of the Coles Center for Transportation at WPC and was a major contributor to this Policy Guide. He now works at INRIX company.



ERIN SHANNON | Director, Center for Small Business and Labor Reform

Erin Shannon holds a degree in political science from the University of Washington. She served as Public Relations Director of the state's largest small business trade association, and was the spokesperson for several pro-small business initiative campaigns. Erin has testified numerous times before legislative committees on small business issues. Her op-eds appear regularly in newspapers around the state, including *The Seattle Times* and *The Puget Sound Business Journal*, and she has appeared on several national radio and T.V. programs including Fox News, CNN Money, and "Stossel with John Stossel" on the Fox Business Channel. She is the director of WPC's Olympia office.



DR. ROGER STARK | Director, Center for Health Care Reform

Dr. Roger Stark is a retired physician and a graduate of the University of Nebraska's College of Medicine. He is a co-founder of the open heart surgery program at Overlake Hospital and he has served on the hospital's governing board and as Board Chair for the Overlake Hospital Foundation. He is the author of two books, including *The Patient-Centered Solution: Our Health Care Crisis, How It Happened, and How We Can Fix It*. Dr. Stark has testified before Congress on the Affordable Care Act and he speaks frequently on health care issues to civic groups across the state. He currently serves on the Board of the Washington Liability Reform Coalition and is an active member of the Woodinville Rotary.



Board of Directors

(as of 5/1/2016)

Craig Williamson, *Chairman*

Richard Alvord

Bill Baldwin

David Barber

Roger Bowlin

Artie Buerk

Jim Coles

William Conner

John Connors

Kathy Connors

Anne Cowles

Hon. Kemper Freeman, Jr.

John J. Hennessy

Matt McIlwain

Hon. George R. Nethercutt, Jr.

Hon. Mary Odermat

Daniel Mead Smith, *President*

John S. Otter, *Vice-Chairman*

Mark Pinkowski

Greg Porter

Sarah Rindlaub

Phil Scott Schlaepfer

Irene Song

Hon. Brian Sonntag

Heidi Stanley

Randy Talbot

Robert Tippet

Janet True

Roberta Weymouth

Wayne Williams

Len Zarelli

Eastern Washington Advisory Board

(as of 5/1/2016)

Brenda Alford

Tom Beil

Francis Benjamin

Roger Bowlin

Joanna Cable

Michael Cannon

Kent Clausen

Anne Cowles

Jon Devaney

Craig Dias

Pat Dix

Bill Farris

Randy Gold

Paul Gray

Colin Hastings

Tom Hix

Robert Jankelson

Larry Lambeth

Kate Lampson

William Lampson

Steve Landon

Jordana LaPorte

Jeff Losey

Lori Mattson

Jack McRae

Stuart McDougall

Dr. Blake McKinley

Todd Mielke

Heidi Myers

Hon. George R.

Nethercutt, Jr.

Joed Ngaruiya

Chris Patterson

Joseph "Vic" Parrish

Mike Poulson

Tom Power

Steve Schwan

Janet Schmidlkofer

Chris Senske

Jeff Severs

Julie Shiflett

Bruce Smith

Mark Sonderren

Don Stafford

Heidi Stanley

Peter Stanton

Tyrus Tenold

Robert Tippet

Cindy Wendle

Judi Williams

Wayne Williams



INVEST IN IDEAS

MEMBERSHIP CLUBS

**Your generous donation to WPC qualifies you for
annual membership benefits!**

WPC Member—\$50 - \$999

Members receive all of our research publication mailings, our quarterly *Viewpoint* magazine, regular email updates and invitations to general WPC events.

Patron Member—\$1,000- \$4,999

Same benefits as WPC Member and invitations to private WPC events, recognition in our Annual Report and quarterly updates from our President.

Benefactor Member—\$5,000 - \$9,999

Same benefits as Patron Member and exclusive Benefactor lapel pin and private briefings from our President and Board Chairman.

President's Council Member—\$10,000+

Same benefits as Benefactor Member and exclusive President's Council lapel pin, annual recognition in our quarterly *Viewpoint* magazine, invitations to exclusive conference call updates on the Legislative Session and elections with WPC's VP of Research, Paul Guppy, and complementary admission to WPC general events.

Pillar Society Member

Same benefits as Presidents Council Member and VIP tickets or a table at WPC's Annual Dinner, invitation to Private Annual Dinner Lunch and Private Meeting, recognition at all WPC events, exclusive Pillar Society name badge and invitation to private Pillar Society exclusive events.

Young Professionals Member: \$100

For WPC supporters under 40 years old, same benefits as Patron Member and receive our monthly e-newsletter *The INK*, invitations to our YP exclusive events and discounted or free tickets to all WPC general events.

Washington Policy Center is a tax-exempt 501(c)(3) nonprofit organization. To preserve our independence, we accept no government funding, and we do not perform contract work. Contributions are deductible for federal income tax purposes as allowed by law. Our tax-id # is 91-1752769.



Yes, I am proud to support Washington Policy Center with a gift of:

\$50 \$100 \$250 \$500 \$1,000 Other: \$ _____

Name _____

Address: _____

City: _____ State: _____ Zip _____

Email: _____

Phone: _____

Payment Information:

My check payable to *Washington Policy Center* is enclosed

Please charge my:

Visa

Mastercard

AMEX

Name: _____

Card Number: _____

Exp. Date: _____ Today's Date: _____

Signature: _____

***Donate online at washingtonpolicy.org/Donate
or mail this reply card to PO Box 3643, Seattle WA 98124***

“From agriculture to transportation, Washington Policy Center’s *Policy Guide* provides me and other elected officials with critical recommendations that we use to move our state and country in a positive governing direction.”

*-Representative Cathy McMorris Rodgers
Chair of the House Republican Conference*

About the Policy Guide for Washington State

The 5th edition of the Policy Guide for Washington State provides updated information and insight about a range of important issues, including budget and taxes, environment, agriculture, health care, education, small business and transportation.

Typical users of the Policy Guide are state lawmakers, public agency managers, city and county officials, reporters for print, broadcast and online media, and the general public. News organizations commonly use Washington Policy Center research when covering public issues.

The Policy Guide provides both a reference to current issues and a practical guide to the best policy ideas and reforms needed in our state. It provides clear and specific policy recommendations that policymakers can adopt as their main priorities. The recommendations are based on approaches the research indicates would make the greatest positive difference for the people of our state. The priorities presented here are designed to lead to better governance and promote policies that improve the lives of all Washingtonians.

“The Policy Guide for Washington State is seen on legislators’ desks throughout the capitol—from both sides of the aisle. It provides real solutions and reforms for the biggest problems that the state faces. I’ve drawn on the Policy Guide both as an uninformed candidate and now as a seasoned legislator. It’s a must read and must have for all legislators and candidates!”

*-Senator Andy Hill
Senate Ways and Means Committee Chair*



Washingtonpolicy.org

ISBN 978-0-9765758-4-9 \$19.95
5 1995 >

