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Dr. DeMint's Sugar Pill

Part 1: A Band-Aid is not enough

When U.S. Sen. Jim DeMint brought his prescription for a "Health Care Freedom Plan" last week to a restaurant full of area conservatives ailing from an Obamacare overdose, his promises sounded like a free-market cure-all: Tax cuts! Access for everyone! No cost to the taxpayer! And all this in one little bottle!

Technically, "the Obama plan" is a media myth: The president has written no plan, but instead called on Congress to send one to him that dramatically expands coverage to the 46 million Americans without insurance, lowers long-term medical costs and preserves their choice of doctors. The 1,000-page bill opponents love to hate is a version hastily crafted by Democrats in the U.S. House, though a bipartisan committee in the Senate has been working on a very different project since the beginning of the year.

While the DeMint plan's stated goals are not all that different from the president's, his plan employs very different strategies than the Democrats'. DeMint readily admits that his is "unlikely" to gain traction in Washington, but calls it a credible alternative.

On some narrow points, we agree with DeMint. Lawsuit reform should have more of a place in the national health care debate, but - given that half or more of individual states have already passed tort reform, and prices are still spiraling - we are less optimistic than he about its long-term cost effectiveness. His calls for increased competition would undeniably help consumers, and in fact should go much further.

But on the whole, the DeMint plan would do woefully little to enact the substantial reform the country needs, and its most glaring shortfall is a failure to address unchecked medical inflation.

One common theme of the health care debate is that covering the uninsured is easy - just give them money to buy a policy. That's what Democrats want to do through subsidies, and what DeMint would do, in the form of vouchers and tax credits of up to \$5,000 for families.

When President Obama asks for long-term cost reduction, however, he is adding a second, far more difficult - and more important - goal to health reform. Inflation of medical costs is steadily pricing both employers and workers out of the insurance market, as premiums have more than doubled since 1999. The problems multiply on the national level, where Medicare outlays for the already increasing number of seniors will be eclipsed by the per-person cost of care in coming decades, driving the federal government to double in size *just to pay for health care*.

"Slowing the growth rate of outlays for Medicare and Medicaid is the central long-term challenge for federal fiscal policy," the nonpartisan Congressional Budget Office has said.

Cost is the hard part of reform. Political opponents have recast Obama's desire to address it as a moral ill, criticizing the whole endeavor as too focused on cost - hence the arguments about rationing. Economists, however, agree that anything worthy of the "reform" mantle must directly address cost.

DeMint's plan calls for increased competition, which might level the field state-to-state for consumers in the short term but would do little to affect systemic cost. He admits as much, deferring those issues to a much broader governmental overhaul by Republican U.S. Rep. Paul Ryan called the "Roadmap for America's Future." Rather, DeMint says his plan is merely to get more people covered, faster and at lower cost, than the Democrats would. But even within that limited scope, it falls short.

Coming Sunday: Unfunded, inadequate and unambitious

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