

# THE WALL STREET JOURNAL.

November 25, 2008

## A Worrying Prognosis

*Socialized medicine may be coming to America.*

By Pete du Pont

One thing we can count on from our newly elected president is fresh ideas, some that were campaigned on and others that will be at the top of the president's list on Jan. 20.

First on the agenda will likely be a reworked version of Hillary Clinton's 1990s health-care plan: a more nationalized system that was introduced two weeks ago by Sen. Max Baucus of Montana to put government, as opposed to the individual, more in charge of health care decisions.

The Baucus plan would add between \$200 billion and \$300 billion to the \$2.3 trillion we spend each year on health care, and it would intrude into our medical decisions since the government would decide what policies many of us could buy and what health care provisions they would have to contain.

The Baucus plan contains five essential elements. First, under the proposed new law every individual must have a health insurance policy. Some 250 million of us have one today, so there would have to be more than some 50 million new ones. And under the Baucus bill our compliance with this mandate could be "enforced possibly by the U.S. tax system," so the IRS may play a role in our health care.

Second, a new national Health Insurance Exchange would be created--a government marketplace from which all of us could choose to purchase insurance, either from the government or from among a group of government-regulated private policies.

Third, most private insurance companies that provide health care policies would not be able to deny coverage to any individual based on pre-existing conditions and would have to offer policies to all people at an equal price regardless of their health condition. The plan says rules that "have to do with how an insurer can determine a policyholder's premium based on various criteria such as age, tobacco use, previous illness, or factors that encourage healthy lifestyles--will be specified in statute," so the government's control would increase significantly.

Fourth, companies that employ people would be given a choice: create a health care plan meeting certain government standards, or pay a percentage of company payroll (perhaps 6% or 7%) to the government so that it can provide coverage for the employees. Since about 57% of companies with fewer than 50 employees do not offer them health insurance today, this would create very difficult economic choices for them.

Fifth and most important, a federal Independent Health Care Council would be established to regulate health insurance policies. The president's nominees for council members would be confirmed by the Senate, and it would be given "oversight" in all medical matters. The council

would determine "affordable" premiums that people should be expected to pay based not on cost but on "the reasonable percent of income to be spent on health care coverage," and it envisions a government subsidy for a portion of the premiums above this affordable amount. It would also "define key terms," like what "coverage" is and what "affordability" means, and "ensure that coverage will be affordable" and "protect enrollees against high health care expenses." In other words, a new government organization would significantly regulate the content of individual health care policies, influence their price, and define what must or may not be included in the policies people wish to purchase.

Another Baucus bill change is the significant expansion of government health care. Today Medicare sets the standards for 8,000 medical procedures and services at a 2007 cost of some \$425 billion for people 65 or older, or about \$10,000 per person. But under the Baucus bill the age limit would be lowered: 55- to 64-year-olds could decide to join Medicare. So a health-care system that today serves 44 million people would make 32 million more (four million of whom don't now have health insurance) eligible to join it, costing the government billions more.

Then Medicaid would be expanded to cover every American living in poverty, rather than just the 61 million people it serves today, which could push seven million people into the government program and add billions of dollars to its cost.

Finally, the State Children's Health Insurance Program, or Schip, would be expanded to cover all children with family incomes less than 250% of the poverty level--families with incomes up to \$53,000 for a family of four. That would add millions more people to Schip, which today costs \$5 billion a year to cover 6.5 million children.

Put all this together and existing health care programs--Medicare, Medicaid, and Schip--would be expanded, new health-care regulation for business and individual policies would be established, and America would have a vast new health-care program, run for and largely paid for by the government. Government, with little input from you or your doctors, would run it, regulate it, supervise its performance, mandate how companies must participate in it, and somehow come up with more than several hundred billion dollars each year to pay for it all.

The Baucus plan says in its opening paragraphs that the U.S. "is the only developed country that does not guarantee health coverage for all its citizens," and that there are 46 million uninsured people and some 25 million more underinsured. Giving those people the funding through tax credits or subsidies to purchase their own health insurance is a good idea. Europeanizing American health care so that government rather than individuals make health care decisions is not.

But like it or not, when our new government takes office in January, socialized medicine may well be on its way into America.