Not enough, and yet too much (10/29/09)

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***Washington Post:** Do the current health-care proposals go far enough in cutting health-care costs?*

All the bills currently under consideration need to focus more heavily on containing costs and restraining spending growth. Unfortunately, some of the bills would do the exact opposite, piling on new costs and pushing them upwards for years to come. For small business, this is deeply troubling.

Current legislative proposals heavily emphasize insuring the uninsured, rather than bringing down costs for those who already have insurance. Coverage expansion is an admirable goal but adds costs rather than subtracting them. Similarly, there are new incentives for wellness and prevention - also admirable, **but also cost-increasing**. To its credit, the Finance Committee bill has a number of positive features, notably the design of and rules for health insurance exchanges for small-business owners and employees.

All proposals require tremendous amounts of new money over the next 10 to 20 years, as seen in the Congressional Budget Office **forecasts**. Moreover, CBO forecasts don't include the bills' massive new costs on states, employers and individuals. For states, proposed **Medicaid expansions** could endanger credit ratings and/or force higher taxes. For employers and individuals, new employer mandates could further destroy jobs and reduce employee wages and employer profits.

Current proposals do too little to address some obvious targets for reform, like Medicare and malpractice. Medicare's antiquated fee-for-service reimbursement system is the biggest cost-driver of them all; FFS demolishes incentives for different providers to work together to cut costs and improve care. These misaligned incentives bleed over into Medicaid and private insurance. **Malpractice reform** would have a modest cost-cutting effect, but it's still worth doing and it's nowhere in sight in the proposed legislation.

In other ways, current bills try too hard to constrain costs in ways that cannot work. They give government entities too much cost-cutting responsibility. No matter how well-intentioned, government can never be agile enough to micromanage the healthcare of 300 million Americans. In trying, they end up harming the very people they intend to help. And given the financial train wrecks of Medicare, Medicaid, **MaineDirigo**, **TennCare** and **Keiki Care**, a public option is the least-defensible cost-cutting idea of all. Real cost-cutting has to come from the bottom up - from millions of consumers, employers and providers in markets where insurers face real competition.