Tinkering with a Broken System

from George Will at The Washington Post, Why ‘repeal and replace’ will become ‘tweak and move on’

> *In 2009, President Barack Obama ignited a debate that has been, for many members of Congress and their constituents, embarrassingly clarifying. Back then, most people stoutly insisted that they did not want a “government-centered” health-care system. But even then, approximately half of every dollarspent on health care came from the government. Today, the 55 millionMedicare beneficiaries approximately equal the combined populations of 26 states; the 73 million Medicaid recipients approximately equal the combined populations of 29 states. Government’s 10 thumbs are all over health care.*
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> *Health care only relatively recently became worth fighting over. In 1900, Americans spent almost twice as much on funerals as on medicine. Most people were born at home and died at home, and medicine’s principal function was to make ill people as comfortable as possible while nature healed them or killed them. Hospitals often were lethal infection factories, hence the common report “The operation was successful, but the patient died.” In his “The Rise and Fall of American Growth,” Robert Gordon notes that “even victims of railroad, streetcar and horse cart accidents were largely taken to their homes rather than to hospitals.” In 1900, only 5 percent of American women gave birth in hospitals. And “a ‘degree’ in medicine could be obtained for between $5 and $10, its cost depending on the quality of the paper on which the diploma was printed.” Between 1890 and 1950, the great improvement in mortality rates owed much to social improvements (better hygiene, sanitation, food handling, etc.) and little to doctors, hospitals or drugs.*

In 2009, there was no national consensus that insurance should be available to people with "preexisting conditions." There now is such a consensus, partly because of the obfuscating phrase: Insuring people with "preexisting conditions" means insuring people who are already sick. Which means that what they are getting is not really insurance — protection against uncertain risk. The consensus might be right, but ***its logic makes the insurance model increasingly inapposite.***

A market-driven health-care system with government at the periphery would implement the lesson of Social Security: Government is good at sending checks to identifiable cohorts. It should send support to those who need it for purchasing premiums, then get out of the way.

But Obama, who once said he preferred a single-payer system, flinched from the really radical reform we need — a move away from broad reliance (about 180 million Americans) on employer-provided health insurance, which, in an expensive fiction, is not taxed as what it obviously is: compensation. Partly because of this system, health-care consumers are not shoppers and market signals are weak and few.

Perhaps for policy reasons, and certainly for political reasons, it is impossible to unwind reliance on employer-provided insurance. But this fact, combined with the "preexisting conditions" consensus, means that henceforth the health-care debate will be about not whether there will be a thick fabric of government subsidies, mandates and regulations, but about which party will weave the fabric.

So, "repeal and replace" will be "tweak and move on." And even if the tweaks constitute significant improvements, Obama will have been proved right when, last October, he compared the ACA to a "starter home."

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The real reform we need and an honesty about the costs are so politically toxic that we are doomed to only tinker at the edges of a dysfunctional system.