

CLUES TO CRITICAL THINKING

“The Conservative Case for Obamacare”

**By J. D. Kleinke, *New York Times*,
September 29, 2012**

In this article a conservative writer argues that President Obama's signature health care policy is a conservative one at heart and should be embraced by Republicans.

If Mitt Romney's pivots on President's Obama's health care reform act have accelerated to a blur—from repealing on Day 1, to preserving this or that piece, to punting the decision to the states—it is for an odd reason buried beneath two and a half years of Republican political condemnations: the architecture of the Affordable Care Act is based on conservative, not liberal, ideas about individual responsibility and the power of market forces.

This fundamental ideological paradox, drowned out by partisan shouting since before the plan's passage in 2010, explains why Obamacare has only lukewarm support from many liberals, who wanted a real, not imagined, “government takeover of health care.” It explains why Republicans have been unable since its passage to come up with anything better. And it explains why the law is nearly identical in design to the legislation Mr. Romney passed in Massachusetts while governor.

The core drivers of the health care act are market principles formulated by conservative economists, designed to correct structural flaws in our health insurance system—principles originally embraced by Republicans as a market alternative to the Clinton plan in the early 1990s. The president's

program extends the current health care system—mostly employer-based coverage, administered by commercial health insurers, with care delivered by fee-for-service doctors and hospitals—by removing the biggest obstacles to that system's functioning like a competitive marketplace.

Chief among these obstacles are market limitations imposed by the problematic nature of health insurance, which requires that younger, healthier people subsidize older, sicker ones. Because such participation is often expensive and always voluntary, millions have simply opted out, a risky bet emboldened by the 24/7 presence of the heavily subsidized emergency room down the street. The health care law forcibly repatriates these gamblers, along with those who cannot afford to participate in a market that ultimately cross-subsidizes their medical misfortunes anyway, when they get sick and show up in that E.R. And it outlaws discrimination against those who want to participate but cannot because of their medical histories. Put aside the considerable legislative detritus of the act, and its aim is clear: to rationalize a dysfunctional health insurance marketplace.

This explains why the health insurance industry has been quietly supporting the plan all along. It levels the playing field and expands the potential market by tens of millions of new customers.

The rationalization and extension of the current market is financed by the other linchpin of the law: the mandate that we all carry health insurance, an idea forged not by liberal social engineers at the Brookings Institution but by conservative economists at the Heritage Foundation. The individual mandate recognizes that millions of Americans who could buy health insurance choose not to, because it requires trading away today's wants for tomorrow's needs. The mandate is about personal responsibility—a hallmark of conservative thought.

In the partisan war sparked by the 2008 election, Republicans conveniently forgot that this was something many of them had supported for years. The only thing wrong with the mandate? Mr. Obama also thought it was a good idea.

The same goes for health insurance exchanges, another idea formulated by conservatives and supported by Republican governors and legislators across the country for years. An exchange is as pro-market a mechanism as they come: free up buyers and sellers, standardize the products, add pricing transparency, and watch what happens. Market Economics 101.

In the shouting match over the health care law, most have somehow missed another of its obvious virtues: it enshrines accountability—yes, another conservative idea. Under today's system, most health insurers (and providers) are accountable to the wrong people, often for the wrong reasons, with the needs of patients coming last. With the transparency, mobility and choice of the exchanges, businesses and individuals can decide for themselves which insurers (and, embedded in their networks, which providers) deserve their dollars. They can see, thanks to the often derided benefits standardization of the reform act, what they are actually buying. They can shop around. And businesses are free to decide that they are better off opting out, paying into funds that subsidize individuals' coverage and letting their employees do their own shopping, with what is, in essence, their own compensation, relocated to the exchanges.

Back when the idea of letting businesses and consumers pick their own plans—with their own money on an exchange—first floated around Washington, advocates called them “association health plans.” They, too, would have corrected for the lack of transparency, mobility and choice in local insurance markets by allowing the purchase of health insurance across state lines. They were the cornerstone of what would