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Op-Ed Columnist

Baucus and the Threshold

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So Senator Max Baucus, the chairman of the Senate Finance Committee, has released his “mark” on proposed legislation — which would normally be the basis for the bill that eventually emerges from his committee. And serious supporters of health care reform will soon face their long-dreaded moment of truth.

You see, it has been clear for months that whatever health-care bill finally emerges will fall far short of reformers’ hopes. Yet even a bad bill could be much better than nothing. The question is where to draw the line. How bad does a bill have to be to make it too bad to vote for?

Now, the moment of truth isn’t here quite yet: There’s enough wrong with the Baucus proposal as it stands to make it unworkable and unacceptable. But that said, Senator Baucus’s mark is better than many of us expected. If it serves as a basis for negotiation, and the result of those negotiations is a plan that’s stronger, not weaker, reformers are going to have to make some hard choices about the degree of disappointment they’re willing to live with.

Of course, those who insist that we must have a single-payer system — Medicare for all — won’t accept any plan that tries, instead, to cajole and coerce private health insurers into covering everyone. But while many reformers, myself included, would prefer a single-payer system if we were starting from scratch, international experience shows that it’s not the only way to go.

Several European countries, including Switzerland and the Netherlands, have managed to achieve universal coverage with a mainly private insurance system.

And right here in America, we have the example of the Massachusetts health reform, many of whose features are echoed in the Baucus plan. The Massachusetts system, introduced three years ago, has many problems. But as a new report from the Urban Institute puts it, it “has accomplished much of what it set out to do: Nearly all adults in the state have health insurance.” If we could accomplish the same thing for the nation as a whole, even with a less than ideal plan, it would be a vast improvement over what we have now.

So something along the general lines of the Baucus plan might be acceptable. But details matter. And the bad news is that the plan, as it stands, is inadequate or badly conceived in three major ways.

First, it bungles the so-called “employer mandate.” Most reform plans include a provision requiring that large employers either provide their workers with health coverage or pay into a fund that would help workers who don’t get insurance through their job buy coverage on their own. Mr. Baucus, however, gets too clever, trying to tie each employer’s fees to the subsidies its own employees end up getting.

That’s a terrible idea. As the Center on Budget and Policy Priorities points out, it would make companies reluctant to hire workers from lower-income families — and it would also create a bureaucratic nightmare. This provision has to go and be replaced with a simple pay-or-play rule.

Second, the plan is too stingy when it comes to financial aid. Lower-middle-class families, in particular, would end up paying much more in premiums than they do under the

Massachusetts plan, suggesting that for many people insurance would not, in fact, be affordable. Fixing this means spending more than Mr. Baucus proposes.

Third, the plan doesn't create real competition in the insurance market. The right way to create competition is to offer a public option, a government-run insurance plan individuals can buy into as an alternative to private insurance. The Baucus plan instead proposes a fake alternative, nonprofit insurance cooperatives — and it places so many restrictions on these cooperatives that, according to the Congressional Budget Office, they “seem unlikely to establish a significant market presence in many areas of the country.”

The insurance industry, of course, loves the Baucus plan. Need we say more?

So this plan has to change. What matters now is the direction in which it changes.

It would be disastrous if health care goes the way of the economic stimulus plan, earlier this year. As you may recall, that plan — which was clearly too weak even as originally proposed — was made even weaker to win the support of three Republican senators. If the same thing happens to health reform, progressives should and will walk away.

But maybe things will go the other way, and Mr. Baucus (and the White House) will, for once, actually listen to progressive concerns, making the bill stronger.

Even if the Baucus plan gets better, rather than worse, what emerges won't be legislation reformers can love. Will it nonetheless be legislation that passes the threshold of acceptability, legislation they can vote for? We'll see.

