

How Does the BCRA Compare to Obamacare?

On Thursday, the Senate Republican leadership unveiled an updated version of the Better Care Reconciliation Act of 2017. While it is an imperfect legislative product, it is nonetheless a major improvement over the status quo.

Obamacare has wrecked both the individual and small group health insurance markets.

After seven years, millions of Americans enrolled in the individual markets have suffered premium rate shocks—amounting to 25 percent on average this year alone—breathhtaking increases in their deductibles, and precipitous declines in choice and competition within the individual market.

This week, the Centers for Medicare and Medicaid Services reported that fewer insurers have applied to sell Obamacare plans for 2018. Today, a stunning 70 percent of American counties have only one or two health insurers offering plans.

The Senate health bill released Thursday represents a solid first step in reversing these Obamacare-induced failures.

It would repeal both the individual and the employer mandate penalties, it contains provisions to lower premiums and increase the availability of insurance plans, and it would make it much easier for states to control their own health insurance markets.

These steps represent a series of initial blows against Obamacare's intrusive and unprecedented federal restrictions on personal and economic freedom.

By making it easier for states to secure waivers from many of Obamacare's mandates, the bill moves to restore the

traditional authority of the states to regulate their own health insurance markets in accordance with the particular wants and needs of their citizens. This will help to spur bottom-up innovation in health insurance benefit design, as well as payment and delivery reforms.

The bill would also provide states with special funding to help stabilize their health insurance markets and to assist low-income or high-risk persons with premium and out-of-pocket costs.

Obamacare included major tax increases. The Senate bill cuts a variety of taxes, including those on health insurance, drugs, and medical devices, which result in higher health care costs.

The Senate bill would also enact major, transformative reforms to Medicaid.

Today, Medicaid is a poorly performing, open-ended entitlement where the federal taxpayers automatically cover state Medicaid costs.

The Senate bill, like the House bill, establishes per capita caps for Medicaid spending, indexed to inflation and puts the program on a responsible fiscal path. At the same time, the bill would retarget Medicaid funding to our society's poorest and most vulnerable citizens—the elderly, disabled and pregnant women and children in poverty.

This latest version of the Senate bill takes additional steps to improve American health care financing and undo Obamacare's damage. For example, it allows individuals to pay for insurance premiums out of their health savings accounts—another mechanism to expand health insurance coverage.

Beefing up health savings accounts, and giving Americans greater flexibility in using them, is a good incremental step toward equalizing the tax treatment of health insurance,

regardless of whether it is purchased by an individual or through an employer.

Congress faces more hard work ahead. No single bill will resolve all of the problems in America's \$3.2 trillion health care economy.

Congress will still need to pursue additional health reforms.

For example, Congress should convert Medicaid funding for able-bodied recipients into a defined contribution ("premium support") program, enabling them to enroll in the private plans of their choice and secure superior access to care from physicians and other medical professionals.

Congress should also reform the federal tax treatment of health insurance, and provide individual tax relief for middle-class persons who do not or cannot get health insurance through their place of work.

Finally, Congress should face up to the looming Medicare challenge, and the huge demographic and fiscal problems that will besiege future beneficiaries and taxpayers alike.

Health care reform is a process, and the Senate bill is serious progress. {eo}

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