This Is Why Government Shouldn't Be Involved in Health Care

The Republican-controlled House vote to "repeal Obamacare" — if that is what this was — was a stunning mess.

Did they get it right? The answer is obviously no, and that's inevitable. Just imagine a bill that sets out to reorganize any industry that is currently mostly market driven, such as shirts, software, groceries, or furniture. Would any bill coming from Congress that pertains to the whole of any of these be wonderful? It's impossible.

This is because the minds of politicians working together — with all their mixed motives of special-interest acquiescence, electoral fears, and general ignorance — cannot possibly replicate, much less improve upon, the brilliant mind of the market at work.

Fortunately, we don't have to deal with such bills in most markets. But the health care industry is different. It's been heavily regulated for more than a century. Obamacare went in the wrong direction, toward more rather than less government control. It actually disabled the mind of the market. The result has been soaring deductibles and premiums, insurers going belly up, and average citizens being forced to pay for insurance they can't afford to use.

Change is necessary. Sadly, any structural change in the industry is pushed through via legislation. That is a tragedy. The challenge is to sort out real vs. [fake reform](), and do this amidst grandstanding, bombast, posturing, ideological panic, rhetorical bombast, and media mania.

The Miasma of Politics

The House had little more than one day to consider a bill that would affect the lives of every single living American in the most fundamental way. Meanwhile, those of us in the peanut gallery had to try to make sense of whether or not this bill is a promising development, remembering that not backing something necessarily means de facto settling with the legislative status quo.

Even getting the core facts of the legislation was a challenge.

What is the core standard by which any health care bill should be evaluated, given that nothing coming out of Congress that can gain a majority of Republicans will ever be right? The test is this: does this bill take us in the direction of restoring market competition and market signaling, or does it preserve the current managed, artificial, coercive, and unworkable system that relies on government control?

Two main features of Obamacare ([explains](#) David Henderson) disable market competition: guaranteed issue and community rating. Guaranteed issue mandates what is covered under all health insurance, thus ruling out flexibility on the part of either buyers or sellers. Community rating forbids insurance pricing from being influenced by risk assessment, which takes the insurance out of insurance. A reform worthy of support must deal directly with these problems.

Donald Trump does not understand this at all. He keeps tweeting that he absolutely insists on keeping the mandate that all health insurance must cover pre-existing conditions. The dogmatic demand painted the Republicans in a corner. They couldn't repeal the very mandates and disabled-pricing schemes that have created such a mess in the industry.

States, You Do It

Yet Obamacare is so bad that [some](#) [states](#) have toyed with

actually nullifying the law. Taking their cue from such movements, the House bill encourages states to take some steps to do just that. Whether they come through or not is another matter.

Still, this amendment brought some skeptics on board. The final bill permitted the states to opt out of both the guaranteed issue and the community rating mandates, thus removing Congressional culpability but allowing a decisive number of votes to come out in favor of the bill.

Two bellwethers that I follow in Congress because of their principled stand for market freedom — Justin Amash of Michigan and Thomas Massie of Kentucky — voted differently. Amash was a yes and Massie was a no.

Massie released the following [statement](#):

> *As recently as a year ago, Republicans argued that mandates were unconstitutional, bailouts were immoral, and subsidies would bankrupt our country. Today, however, the House voted for a healthcare bill that makes these objectionable measures permanent.*
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> *The former Democrat Speaker of the House was rightfully derided for imploring Members to vote for a healthcare bill to "find out what was in it." Yet today, we voted on a healthcare bill for which the text was available only a few hours before the vote. In fact, the Congressional Budget Office had no time to even provide Congress with a preliminary estimate of the full cost of this bill.*
>
> *By repealing a small number of Obamacare mandates, while leaving others in place, this bill runs the risk of destroying what remains of the individual health insurance market.*
>
> *The option in this bill that allows States to apply for waivers from some Obamacare mandates is well-intentioned.*

However, it falls far short of our promise to repeal Obamacare. There also remains the risk that State legislatures, like our federal legislature, are unable to withstand the political pressure from lobbyists who defend Obamacare, and the pressure from those who receive Obamacare's welfare handouts.

This bill should have included measures that allow Americans to take charge of their own healthcare and get the government out of the way. These measures include allowing the deduction of health insurance costs from income taxes, giving everyone the ability to purchase insurance across state lines, and allowing individuals to band together through any organization to purchase insurance.

In weighing my vote, I heeded the wise advice that "one should not let the perfect be the enemy of the good." If this bill becomes law, it could result in worse outcomes, fewer options, and higher prices for Kentuckians who seek health care. In summary, I voted against this bill not because it's imperfect, but because it's not good.

His argument is strong. If you live in a state that does not opt out of the community rating, you are stuck with the bulk of Obamacare. Massie had an intuition about this: the pressure would be too great to preserve the status quo, thus making the "repeal" wholly illusory. Then the Republicans get stuck with a failure.

Amash has not released a formal statement on his yes vote, but his rationale is easy to anticipate. This bill is nothing like what it should be, but we also know that the right kind of bill could never pass the House. This one does repeal some mandates and taxes. It does permit a path for states to opt out. A no vote effectively means the preservation of the status quo. A yes vote does not make this bill law; it only sends it to the Senate, which will pass something very

different (better or worse is yet to be seen).

Democrats Celebrate

Meanwhile, in the aftermath, Democrats imagine that they just won the greatest victory since 2010, even to the point of [singing a song](#) on the House floor. The passage of Obamacare was a catastrophe for them. It nearly wrecked a two-term presidency and contributed heavily to the loss of the Senate and the presidency. It has been an albatross around their necks. Now they get to hurl that onto their enemies.

But that alone presents another danger. If this bill is perceived to be authentic "deregulation" and "free market reform," every failure will come to be blamed not on government but rather insufficient control. "We tried your free markets and they failed!" And there is no question that the partisans of socialized medicine are already positioning themselves in this direction. If you believe the New York Times [editorial](#) after the House vote, we've already entered into health-care anarchy.

My purpose here is not to settle the question of how one should have voted or what the effects or eventual outcomes will be. There is a bigger and more important lesson here. Any good, service, or industry that is removed from market control and put into the hands of government thereby becomes subjected to the grueling and ghastly machinations of the political process in all its subterfuge, duplicity, and vast waste.

Even if you don't like every result of market control, it's hard to imagine that anyone can defend what necessarily replaces it once you surrender any market to control by government.

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