

Why States are Reluctant

Last week's Supreme Court decision on the Patient Protection and Affordable Care Act (PPACA) guarantees the debate over health care will continue. Supporters of PPACA want to convince the public that everything is settled and any opposition is just politics. But opponents are not out to score political points. We believe now, as we did two years ago, that the economic assumptions used in the debate are flawed and the policies are wrong for the nation.

Since the Court's decision, the law's supporters insist that Obama policies are successful because the cost of health care is declining. But that is not the case. Americans know that cost and spending are not the same thing. If the cost of a car is too high, a family won't buy one, which means their spending is lower. Health care spending has slowed, but for the wrong reason -- the lingering recession. Demand is lower because fewer people now have health insurance than when the President's term of office began. In 2008, 42.7 million individuals were uninsured according to the Centers for Medicare and Medicaid Services (CMS). CMS estimates there will be 48.6 million people without insurance in 2013. It is hard to see how this could be considered an accomplishment.

Even the government's own actuaries say that the slowdown in health spending now and into the future is unrelated to PPACA. PPACA hides and shifts costs; it does not lower them. Most Americans already believe we are spending too much, not too little, on health care and that is what this debate should be focusing on once again. True health care reform must tackle the root causes of our health care costs and put individuals at the center of decision-making.

Those who support expanding Medicaid insist that a state cannot pass up "free" federal money or that if we don't expand, the money will go to another state. This is the kind of thinking that got us into the deficit and debt troubles we are in. First, there is no such thing as "free" federal money. The federal government has no money of its own and it gets the money it spends from the same people the state government does. Regardless of who the tax collector is, the impact on the taxpayer is the same. Second, Wisconsin won't "lose" Medicaid dollars to other states as some argue because each state gets its share of federal Medicaid funding regardless of what happens in another state. Finally, hospitals, doctors, and other health care professionals would receive higher payments under the new tax credits that will be used to purchase private insurance rather than under Medicaid.

The Court's decision reveals that PPACA is an enormous and regressive tax. The result may well be that lower income individuals pay the tax but won't qualify for either PPACA's new tax credits or for Medicaid. Some groups will press states to fix this inequity, but that burden rests with the authors of PPACA who deliberately chose a Medicaid expansion because it would be cheaper for the federal government.

PPACA took a layer cake approach to health care and stratified Americans according to income levels. But Americans should not be required to live their lives according to poorly designed federal government programs and rules. The best way to expand health insurance coverage is to get the economy moving again and Americans back to work.

PPACA was flawed from the start. The American people rightfully expect a new beginning to the health care debate.