



## Health Care Reform

Ann Arbor, Michigan | May 12, 2011

---

# *The* AMERICAN EXPERIMENT

## Government or People?

- The people are sovereign
- Freedom to choose representatives
- Freedom to choose occupation, enterprises

“Free Enterprise” propels America  
to world leadership



## Federal or State?

### FEDERAL

- The 10th Amendment limits the Federal Government

### STATE

- States retain other rights and responsibilities
  - Laboratories of Democracy
  - Competition between them
  - Responsive to the people
  - Solutions fit the people
  - More **efficient**, **effective**, and **productive**

## *The* AMERICAN EXPERIMENT

---

**The Obama Administration fundamentally does not believe in the American Experiment.**

- Distrusts free enterprise
- Distrusts the states

---

—NLRB Boeing decision  
—Obamacare



OBAMACARE

A government takeover  
of health care

MASS-CARE

Help people get and keep  
their health insurance

OBAMACARE

~\$500 Billion in New  
or Increased Taxes

~\$500 Billion in  
Medicare Cuts

MASS-CARE

No New Taxes

No Cuts for Seniors

- Massachusetts citizens without insurance could get care for free
- Many citizens who could afford insurance chose to forego coverage—free riders



Deny  
them care

Taxpayers pay  
for their care

Personal  
responsibility

10TH AMENDMENT: A **STATE** DECISION

- About 94% insured before reform—no change for them
- Almost 500,000 uninsured before reform in 2004
- 400,000 of which now insured because of reform
- No fear of losing insurance if you get sick or change jobs
- Private insurance, premium support
- “Relatively modest” program cost

**ALL WITHOUT A TAX INCREASE**

Source: Massachusetts Division of Health Care Finance and Policy; Massachusetts Taxpayers Foundation





PROS OF U.S.  
HEALTH CARE SYSTEM

- High quality health care
- Choice for consumers
- Attracts the best and brightest
- Most innovation in the world

CONS OF U.S.  
HEALTH CARE SYSTEM

- High cost
- Non-portable insurance
- 50 million uninsured
- Tax discrimination

*The* UNITED STATES  
HEALTH CARE SYSTEM

---

VS OBAMACARE

PROS OF U.S.  
HEALTH CARE SYSTEM

- High quality health care
- Choice for consumers
- Attracts the best and brightest
- Most innovation in the world

OBAMACARE

- Hurts health care quality
- Reduces consumer choice
- Repels the best and brightest
- Discourages innovation



OBAMACARE

**ECONOMIC NIGHTMARE**

- Doesn't lower costs
- Raises taxes
- Diverts Medicare funds
- Kills jobs

**BIG GOVERNMENT**

- Massive federal spending
- Unconstitutional power grab from the states
- Massive new federal bureaucracy

A radical plan for vastly increasing federal power

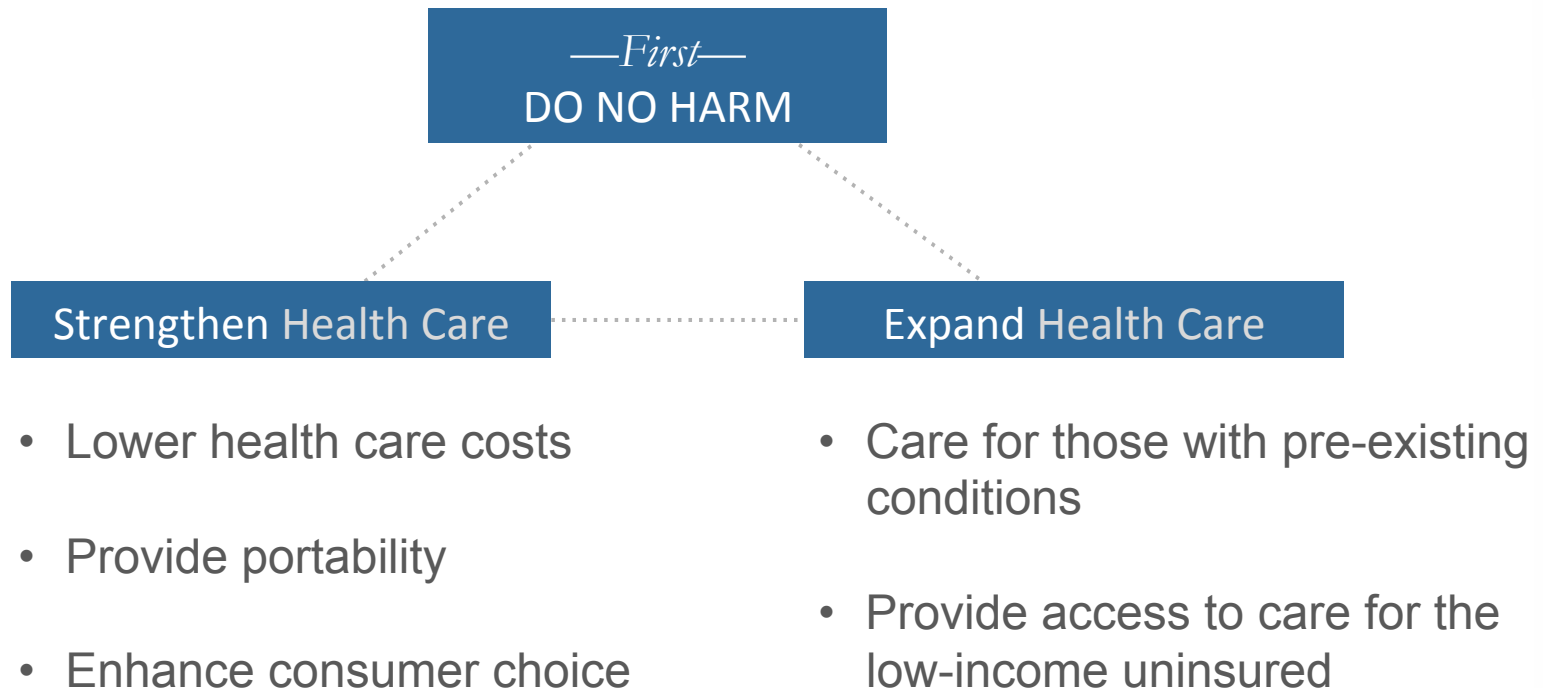


— No. 1 —

Issue Executive Order paving way for  
Obamacare waivers for all 50 states

— No. 2 —

Work with Congress to repeal Obamacare



---

ROMNEY U.S.  
HEALTH CARE REFORM

- 1 **RESTORE** STATE LEADERSHIP
- 2 **EMPOWER** INDIVIDUAL OWNERSHIP
- 3 **FOCUS** FEDERAL REGULATION
- 4 **REFORM** MEDICAL LIABILITY
- 5 **INTRODUCE** MARKET FORCES



- 1 **RESTORE** STATE LEADERSHIP
- 2 **EMPOWER** INDIVIDUAL OWNERSHIP
- 3 **FOCUS** FEDERAL REGULATION
- 4 **REFORM** MEDICAL LIABILITY
- 5 **INTRODUCE** MARKET FORCES

**Restore to the states the responsibility and resources to care for their poor, uninsured, and chronically ill**

- Block grant Medicaid and other payments to states
- Limit federal standards
- States will experiment and learn from one another
- Flexibility to deal with uninsured  
e.g., Charity, exchanges, subsidy for private coverage
- Flexibility to deal with chronically ill  
e.g., High-risk pools, reinsurance, risk adjustment



- 1 RESTORE STATE LEADERSHIP
- 2 **EMPOWER** INDIVIDUAL OWNERSHIP
- 3 FOCUS FEDERAL REGULATION
- 4 REFORM MEDICAL LIABILITY
- 5 INTRODUCE MARKET FORCES

**Give a tax deduction to those who buy their own health insurance, just like those who buy it through their employers**

- End tax discrimination
- Greater consumer choice—can buy what you want, not only what your employer wants
- Promote portability
- Help control health care costs

- 1 RESTORE STATE LEADERSHIP
- 2 EMPOWER INDIVIDUAL OWNERSHIP
- 3 FOCUS** FEDERAL REGULATION
- 4 REFORM MEDICAL LIABILITY
- 5 INTRODUCE MARKET FORCES

**Focus federal regulation of health care on making markets work**

- Correct common failures in the insurance market
  - Ensure that individuals with pre-existing conditions who are continuously covered for a specified period may not be denied coverage
  - Empower individuals and small businesses to form purchasing pools
- Eliminate counterproductive federal constraints
  - Remove barriers to the sale of insurance across state lines
  - Allow providers to design plans that meet consumer needs

- 1 RESTORE STATE LEADERSHIP
- 2 EMPOWER INDIVIDUAL OWNERSHIP
- 3 FOCUS FEDERAL REGULATION
- 4 REFORM MEDICAL LIABILITY**
- 5 INTRODUCE MARKET FORCES

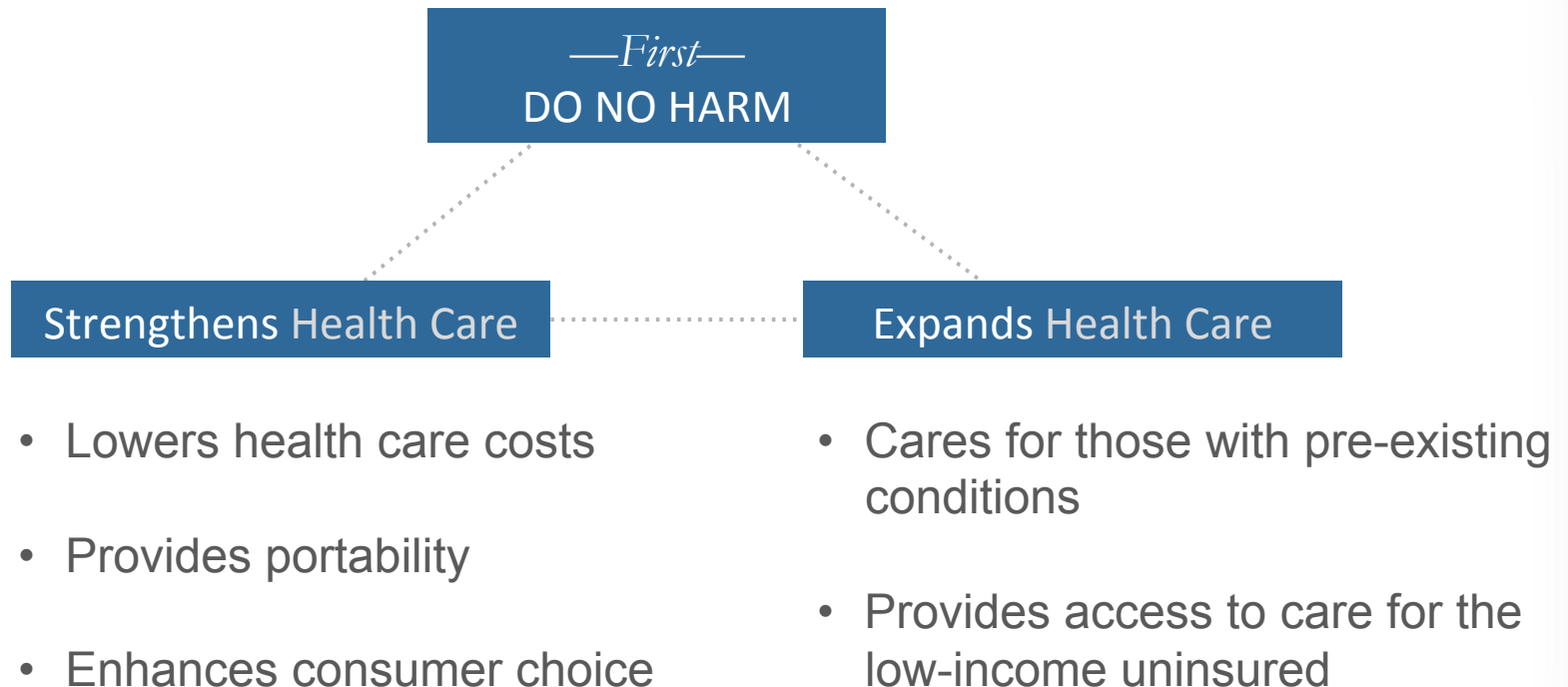
**Reduce the influence of lawsuits on medical practice and costs**

- Cap non-economic damages in medical malpractice lawsuits
- Innovation grants for state reforms: health courts, alternative dispute resolution, etc.

- 1 RESTORE STATE LEADERSHIP
- 2 EMPOWER INDIVIDUAL OWNERSHIP
- 3 FOCUS FEDERAL REGULATION
- 4 REFORM MEDICAL LIABILITY
- 5 **INTRODUCE MARKET FORCES**

**Make health care more like a consumer market and less like a government program**

- Unshackle HSAs—e.g., permit HSA funds to be used to pay insurance premiums
- Promote “co-insurance” products
- Encourage “Consumer Reports”-type rating of alternative insurance plans
- Facilitate IT interoperability
- Establish cost and quality transparency
- Promote alternatives to “fee for service”



Strengthens Health Care

- Lowers health care costs
- Provides portability
- Enhances consumer choice

Individuals can acquire health insurance without a tax penalty

Market dynamics—consumers care what a procedure costs

Malpractice reforms reduce defensive medicine

Providers have incentive for quality, not quantity

Medicaid no longer an “open checkbook” on the federal treasury

Greater competition with cross-state purchase of insurance, purchasing alliances

---

## ROMNEY U.S. HEALTH CARE REFORM

### More to Come...

- Additional specifics
- Medicare reforms
  - Ryan plan keeps Medicare solvent, adds choice and market dynamics
  - My plan will not be identical, but shares objectives



## HEALTH CARE **R<sub>x</sub>**

	OBAMACARE ▼	ROMNEY U.S. Reforms ▼
Taxes	<b>Raises</b> taxes	<b>No</b> new taxes
Medicare	<b>Diverts</b> Medicare for Obamacare	<b>No</b> Medicare diversions
Bureaucracies	<b>New</b> federal bureaucracies	<b>No new</b> bureaucracies
Consumer Choice	<b>Reduces</b> consumer choice	<b>Increases</b> consumer choice
Health Care Costs	<b>May raise</b> health care costs	<b>Lowers</b> health care costs
Government Spending	<b>More</b> government spending	<b>Less</b> government spending
Mandates	<b>Mandates</b> (individual, corporate, state)	<b>No</b> mandates
Responsibility	<b>Federal</b> responsibility for uninsured	<b>State</b> responsibility for uninsured
Tax Treatment	Tax <b>discrimination</b>	Tax <b>fairness</b>
Pre-existing Conditions	<b>Overbroad</b> pre-existing condition rules	<b>Fair</b> pre-existing condition rules







## Health Care Reform

Ann Arbor, Michigan | May 12, 2011

