

THE FREEDOM AND EMPOWERMENT PLAN:
THE PRESCRIPTION *for* CONSERVATIVE
CONSUMER-FOCUSED HEALTH REFORM



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EXECUTIVE SUMMARY

Four years after being enacted into law, Obamacare’s massive government overreach and higher taxes continue to wreak havoc on the American economy and health care system. The unpopular, unworkable, and misguided law should be repealed in its entirety.

It is now becoming obvious to all that Obamacare is not merely bad policy, but it is also constructed ineptly, and was deceptively sold to the American people with the now infamous “lie of the year.” Without the president’s repeated acts of deception, his disastrous health regime would never have become law.

Today, costs to consumers are rising, people are losing their health coverage and access to their doctors, struggling families are being forced to buy coverage they do not want, and the Congressional Budget Office has acknowledged that the law incentivizes Americans not to work—which the President now insists is a good thing.

The American people are in favor of repealing Obamacare. But conventional wisdom in Washington holds that the law cannot be fully repealed. I couldn’t disagree more. A country that won two world wars and landed a man on the moon can surely eradicate this attack on our health care system.

Repealing all of Obamacare is a good and necessary step—but not one sufficient by itself to achieve the real health reform America needs. The President was right about one thing: American health care did need reform. But Obamacare did not “reform” American health care, so much as it took a dysfunctional system and made it dramatically worse.

Rather than focusing on the liberal shibboleth of “universal coverage”—forcing individuals to buy a plan under pain of taxation, and raising health spending through new mandates and taxes—the American health system should be focused on containing the rising tide of health costs. To quote none other than Barack Obama: “I believe the problem is not that folks are trying to avoid getting health care. The problem is they can’t afford it.”

True reform would also preserve what Americans like about their health care—its high quality, its innovation, the relationship of patients and doctors—while changing what they don’t. Giving more control to the states, controlling and slowing the growth in health costs, protecting the most vulnerable in our society, and enhancing portability and choice are the keys to achieving real reform that will improve America’s health care system, and Americans’ health.

PRINCIPLE #1: LOWERING HEALTH COSTS

TAX EQUITY: Giving all individuals the same standard deduction for health insurance, regardless of whether they obtain that health insurance from an employer or on their own, will remedy a major inequity in the tax code. Moreover, linking the growth in the deduction to price inflation (after an appropriate phase-in) would give medical providers and insurers an incentive to become more efficient, slowing the growth of rising costs.

STATE HEALTH INSURANCE PROGRAM: While Congress does have a role to play in reforming health care, the states have often led the way by introducing new and exciting reforms. Providing states with a grant pool of over \$100 billion over ten years, along with a few simple

restrictions—notably, guaranteed access for individuals with pre-existing conditions, coupled with reductions in health insurance premiums that make coverage more affordable—would give states both the flexibility and resources to innovate. States could use these funds to subsidize insurance coverage for low-income individuals who would not receive tax savings from a health insurance deduction, and individuals with pre-existing conditions.

HEALTH SAVINGS ACCOUNTS: Additional incentives associated with health savings accounts—allowing individuals to use HSA funds to pay health insurance premiums, and allowing for additional flexibility in benefit design—would further increase participation in this innovative insurance model, and enhance its ability to contain the growth of health costs.

GREATER INCENTIVES FOR WELLNESS: Providing insurers and employers with additional flexibility to offer incentives for healthy behaviors—and the ability to provide those incentives on a tax-free basis—would accelerate efforts at changing behaviors in a way that can slow health cost growth.

CRACK DOWN ON FRAUD: Our current record deficits and debt highlight the need to spend taxpayer resources wisely. Reforms should move away from the existing “pay and chase” model, while targeting those who profit from or traffic in personal health information.

PRICE AND QUALITY TRANSPARENCY: Health care remains one of the few industries where consumers struggle to find information on price and quality. Online posting of price and quality data can empower patients with trusted information and provide providers a greater incentive to improve their quality practices.

PRINCIPLE #2: PROTECT THE MOST VULNERABLE

GUARANTEED ACCESS FOR PRE-EXISTING CONDITIONS: As a condition of participation in the new \$100 billion innovation pool, states will be required to guarantee access for individuals with pre-existing conditions—through a high-risk pool, reinsurance, or some other method ensuring those with chronic conditions can obtain needed care.

PREMIUM SUPPORT: A bipartisan concept since its introduction nearly two decades ago, premium support can provide seniors with more health insurance choices, while making Medicare more financially solvent and sustainable for future generations.

MEDICAID REFORMS: While some states have already implemented innovative reforms to their Medicaid programs, the federal government can and should do more to assist their efforts. Specifically, Washington should empower Medicaid reform through a global grant program, which gives states additional flexibility to design solutions that meet their needs, in exchange for a fixed funding allotment from the federal government and accountability standards.

PRO-LIFE PROTECTIONS: Unlike Obamacare—which sees federal funds flowing to plans that cover abortion—true reform would make permanent in law the pro-life protections enacted by Congress annually since 1976, as well as strengthening conscience protections for businesses and medical providers.

PRINCIPLE #3: PORTABILITY AND CHOICE

STATE REFORMS TO EXPAND ACCESS:

By reforming laws that govern medical licensure and construction of new medical facilities, states can dramatically increase the supply of medical providers—including new options that could lower health care costs.

BETTER ACCESS FOR INDIVIDUALS

CHANGING EMPLOYERS: Individuals leaving their employers should not be required to exhaust COBRA continuation coverage before gaining access to the individual health insurance market. Removing this requirement would alleviate a costly mandate on businesses, and ease the transition into individual health coverage for those changing jobs.

POOLING MECHANISMS: Allowing small businesses, fraternal organizations, civic groups, alumni associations, and other similar organizations to band together and offer health insurance to their members will provide new options for individuals to purchase coverage that goes with them from job to job.

CROSS-STATE INSURANCE PURCHASING:

Empowering individuals to purchase health insurance across state lines—a power most currently do not have—would allow Americans to buy the customized plan that best meets their needs.

LAWSUIT REFORM: Enacting common-sense tort reforms to crack down on frivolous lawsuits—some of which have successfully been implemented in Texas and other states—would expand patient access and lower costs by reducing the incidence of defensive medicine practices among physicians.

FREEDOM FOR SENIORS TO CHOOSE:

Enhancing choice and competition involves eliminating the arbitrary restrictions on seniors' choice of medical providers imposed by bureaucratic mandates. Congress should restore the doctor-patient relationship by repealing these onerous requirements.

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