

## Conservatives Principles for Health Insurance Reform

For the better part of a decade, conservative and libertarian activists heard a constant refrain of promises from congressional Republicans to “repeal Obamacare.” At the beginning of the new Congress, in January 2017, the refrain changed from “repeal” to “repeal and replace.” The replacement plans that were often presented as “a binary choice” looked less like repeal and more like an amendment to Obamacare.

The failure of the Senate to pass a health insurance reform bill in 2017, even the so-called “skinny repeal,” was one of the greatest disappointments to conservative and libertarian activists in history. The disappointment has since turned into anger toward congressional Republicans, especially after the passage of the Bipartisan Budget Act, which busted the spending caps by nearly \$300 billion over two years, and a 2,232-page omnibus spending bill that was crafted under a veil of secrecy and passed by both chambers within 24 hours.

It is true that Congress has successfully zeroed out Obamacare’s individual mandate, although it does remain in statute, and delayed some of the 2010 law’s taxes, including the “Cadillac tax,” the health insurance tax, and the medical device tax. The Trump administration has also issued rules to ease the regulatory burdens of Obamacare, including the expansion of association health plans.

Still, although some aspects of Obamacare have been eliminated or eased, the law largely remains intact. Many believe that if Republicans made another attempt to repeal Obamacare and replace it with a smaller-government alternative, activists frustrated over the shortcomings of this Congress would be more willing to turn out in November.

Revisiting the health insurance reform effort is incredibly important. However, the policy basis for this effort should be fully grounded in free market principles. Although the American Health Care Act, the Better Care Reconciliation Act, and “Graham-Cassidy” included provisions that were similar to Obamacare or merely rearranged the law under a Republican vision, other provisions were grounded in free market, limited government, and fiscally conservative principles.

We believe that conservatives should build on these principles in any legislative effort to revisit health insurance reform and repeal Obamacare. The policy ideas that follow are grounded in the principles of freedom and choice that should guide conservatives in Congress if Republican leaders finally commit to following through on their promises, and make another attempt to repeal Obamacare and pass health insurance reform using budget reconciliation.

**Freedom from Federal Regulation:** The new regime of federally-imposed mandates on health insurance products created by Obamacare represents the heart of the law, necessitating the coercive individual and employer mandates, trillions of dollars in spending, and the tax

increases needed to fund that spending. Any legislation that claims to repeal Obamacare must eradicate this entire regulatory regime for all consumers—individuals, small groups, and large groups.

**Expansion of Health Savings Accounts:** Health care legislation considered last year included several provisions to encourage the growth of Health Savings Accounts, an important tool that has helped to slow the growth of health costs. Congress should retain these reforms when considering new legislation, and consider ways to make HSAs even more effective and provide individual coverage the same tax benefits that employer-based coverage receives.

**Purchasing Across State Lines:** Following repeal of all of the Obamacare regulations, Congress should enact provisions enabling the purchase of health coverage across state lines. This change would give citizens freedom to buy the coverage they wish to purchase, even if some liberal states choose to reimpose an Obamacare-style regulatory regime on the state level. However, cross-state purchasing will only succeed if Congress first restores state control over insurance markets by repealing all of Obamacare's regulations.

**Medicaid Modernization:** Most of the legislative proposals considered in 2017 gave states the choice of managing their Medicaid program through a per capita cap or block grant funding. These proposals would transform Medicaid for the 21st century, as part of a broader program of state flexibility. Any legislation that promises state flexibility but fails to include these Medicaid reforms mis-states its purpose. We must return the focus of Medicaid back to helping those who truly need it.

**Medicaid Expansion:** Any legislative solution should wind down Obamacare's massive expansion of Medicaid to the able-bodied. The expansion has enrolled far more individuals than originally anticipated, creating tens of billions of dollars in added costs to states. Congress should wind down the expansion to the able-bodied—which would save taxpayers at least \$500 billion over the coming decade—and focus public assistance programs on the truly needy for which they were originally designed.

**Repeal Obamacare Taxes:** Polling indicates that a majority of voters -- and vast majorities of conservative voters -- believe that "any replacement of Obamacare must repeal all of the Obamacare taxes and not just replace them with other taxes." Unfortunately, some proposals would fail to repeal all of the Obamacare taxes. Even worse, they prioritize repealing the taxes that hit big businesses rather than those that affect small businesses and will eventually hit four-in-five American households. Congress should fully repeal ALL of the Obamacare taxes and NOT replace them with other taxes or simply repurpose them for something else.

**Congressional Exemption:** One of the most disdainful aspects under Obamacare is Congress' self-exemption from many provisions of the law, which it achieved by fraudulently certifying itself as a small business. Doing so also allowed members to qualify for taxpayer-funded health insurance payments for themselves and their staff. Members should feel the full weight -- and

pain -- of the laws they enact. Any legislation that seeks to reform health care should absolutely address this egregious benefit Congress carved out for itself and ensure that our lawmakers live under the same health care regime as the rest of Americans.

If we're going to revive the health insurance reform debate, and in order for our respective groups to support such an effort to deliver affordable, market-based insurance, any bill or plan must make major reforms on all of these fronts.

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