

## Guest column: Obamacare is the law -- now what?

### Health care sure to polarize elections

By Cyril F. Chang, Special to The Commercial Appeal

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On June 28, the U.S. Supreme Court upheld the Patient Protection and Affordable Care Act, otherwise known as Obamacare. Chief Justice John Roberts' majority opinion restrained the federal government's overreach by rejecting the claim that the Constitution's Commerce Clause validates the individual mandate requiring all Americans to buy health insurance, while at the same time upholding the individual mandate on grounds of government's constitutional authority to tax.



That's the end of that, right? Not really. The timing of this landmark reform ensures that health care will be a polarizing topic in the upcoming presidential elections. With a Republican president, there is a chance that the PPACA might be repealed and an alternative health care system introduced. Let's examine the options offered by the two political parties.

Democrats and their liberal allies tend to believe that the best chance to proceed is to reform within the framework of Obamacare. This strategy reflects the fundamental belief that health care is inherently unsuitable for the market to deliver and that substantial government involvement is necessary. It's a strategy of expanding insurance coverage to 15 percent of the U.S. population who have no insurance and fixing the pre-existing condition problem that has made buying insurance difficult, if not impossible for many Americans. Most important, it's a strategy of fixing the coverage problem first and then dealing later with the more difficult problems of cost control, financing and the long-term sustainability of our health system.

Most conservatives and Republicans, on the other hand, believe that the most pressing issue facing our health care system are the perverse incentives embedded in our health care systems, symbolized by the fee-for-service way of paying for health care. They also point to the tendency of overuse of health care encouraged by the employment-based insurance system under which employees are shielded from the true cost of health care because they pay only a fraction of the premium costs and the costs of care delivered to them.

These are obvious differences for all to see, but there are deeper differences below the surface. In broad brush, liberals distrust the market and tend to focus their energy on fixing the many social and economic problems, such as poverty and unemployment, which periodically inflict pain and suffering on the people who live under a chaotic, impersonal and unstable capitalistic economic system. They see the sick and weak, including those who have problems getting health insurance, as victims of the system, and have no qualms about offering government assistance through social welfare programs.

Conservatives, on the other hand, trust the market and embrace the efficiency with which it delivers goods and services, including health care and health insurance coverage. They tend to

have more faith in the market system's ability to deliver results and associate many of the health and health care difficulties experienced by the less fortunate with underlying behavioral problems of their own choosing. Thus the best way out of our health and health care conundrum is to fix the perverse incentives in our systems that encourage unhealthy and unsound decisions people make. They also see government assistance as not only intrusion into personal liberty but also a costly folly that begets dependency and waste.

If we continue with the President Barack Obama's reform, we can expect a rapid expansion of government-sponsored health insurance programs to increase coverage and, down the road, government regulation to control costs and spending.

Our recent studies conducted at the University of Memphis have predicted that more than half of those who are uninsured in Shelby County and Tennessee will obtain insurance coverage under PPACA through either an expansion of TennCare or the establishment of a new insurance exchange. Insurance companies cannot turn people away for pre-existing conditions and cannot charge customers a prohibitively high premium because of their health history. Further, low-income individuals will receive subsidies based on their income to buy insurance. But you will pay a penalty if you have no insurance and all employers that have 50 or more workers must provide insurance. The biggest unknown is the question of whether we can afford all of this. The effects of all this on the future costs of insurance are difficult to predict because of the many moving parts involved in the cost equation.

If Democrats lose the elections in November, the Republican Party will have to come up with an alternative.

One alternative is the status quo, which many conservatives believe is better than PPACA. Other alternatives might include such conservative ideas as doing away with the tax exemption for employee health care benefits that American workers have taken for granted for the last six decades and the encouragement of the growth of some form of "defined contribution" style of health plans.

While the details have not been revealed by the Republican Party, it is reasonable to assume that the conservative alternative would be incentive-based and would rely more on the invisible hand of the market than on the visible hand of the government. Most predictably, the conservative alternatives would shift the onus for health and health care decision-making to individuals and their families. They must take up more responsibility in managing their own health and health care needs.

We are at a fork in the road and there are no easy choices ahead.

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