

The Republican Healthcare Bill Is Very Free-Market, Libertarian

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[The Republican House proposed healthcare legislation](#) is a substantially more free-market approach to health care than exists in any industrialized nation. It would greatly reduce regulation of health care in America, and also considerably increase the choices that consumers would have in their health care.

Another way of putting this is: it would considerably decrease the requirements that are placed upon health care insurers and providers. It would be as close to extreme free-market health care as can be achieved except for a system in which anyone can legally sell anything and call it “health insurance” or call it “medical care.” In other words, it would be more like anarchy in these fields.

A typical and extremely important passage in [the bill's text](#) is:

(3) PLAN PARTICIPATION.—A State shall not restrict or otherwise limit the ability of a health insurance plan to participate in, and offer health insurance coverage through, the State Exchange, so long as the health insurance issuers involved are duly licensed under State insurance laws applicable to all health insurance issuers in the State and otherwise comply with the requirements of this title.

(4) PREMIUMS.— [That “ — ” means that there’s nothing there; that anything goes, as regards “PREMIUMS.”]

(A) AMOUNT.—A State shall not determine premium or cost sharing amounts for health insurance coverage offered through the State Exchange.

(B) COLLECTION METHOD.—A State shall ensure the existence of an effective and efficient method for the collection of premiums for health insurance coverage offered through the State Exchange.

In other words: Whatever any state has “duly licensed under State insurance laws applicable to all health insurance issuers and otherwise comply with the requirements of this title” will be allowed to be sold in that state. This appears in “TITLE II—STATE-BASED HEALTH CARE EXCHANGES” of the bill. In that title, appears one major requirement:

(4) LIMITATION ON PRE-EXISTING CONDITION EXCLUSIONS.—The State Exchange shall ensure that health insurance coverage offered through the Exchange meets the requirements of section 9801 of the Internal Revenue Code of 1986 in the same manner

as if such coverage was a group health plan.

Section 9801 of the IRS Code is shown [here](#). Its section-title is “26 U.S. Code § 9801 — Increased portability through limitation on preexisting condition exclusions.” That, in turn, is part of “SUBTITLE K — Group Health Plan Requirements (§§ 9801 to 9834).” It places minimal requirements, in order for an insurance company to qualify to be taxed as supplying a “Group Health Plan.” It’s a tax-requirement — not a healthcare requirement.

In other words: the Republican bill adds nothing there, on top of what the IRS has already required since 1986. That means it’s bare-minimum regulation, very stripped-down, to totally a taxation-matter for insurance companies.

The degree of freedom that the Republican bill would provide to suppliers is enormous — especially in states that already are anti-regulation. The only regulation in this matter, that goes beyond the U.S. tax code, would be whatever regulations the state itself imposes.

Consequently, there also would be vastly wider choices for consumers to make. However, in true free-market, or unregulated, fashion, suppliers would also be far freer than they now are, to hide, not disclose to consumers, details of insurance policies that would need to be considered by an individual consumer in order for that person to be able intelligently to compare competing policies except on the basis of cost (and a few other fundamentals).

In that situation, the “fine print” differences between competing insurance policies can be gamed by suppliers so as to achieve a competitive edge while at the same time reducing its own cost of providing a given policy. There would then be a great boost in business for services to consumers, that would — for a fee — professionally assist consumers to compare “apples” versus “oranges” versus “grapes” versus “chicken” versus “beef” etc., to use a foods-analogy. But these comparisons, if they’re to be done correctly, will need to be deeply informed about the relevant laws, and case-laws or courtroom outcomes (and that’s lots more complex than is the basic literature on nutrition). Reading the fine print without knowing what it *really* means, is virtually like not reading it at all.

Consequently, for example, Jon Reid at Morning Consult headlined on March 14th, [“GOP Bill Would Make Comparing Health Plan Prices More Difficult”](#) and reported that,

“The GOP bill, dubbed the American Health Care Act, would repeal the Affordable Care Act’s actuarial value requirements, which let consumers know what percentage of health costs an insurer should cover. Under the ACA, individual health care plans generally fit into four tiers, starting at 60 percent insurer coverage for bronze plans and going as high as 90 percent for platinum plans. Repealing the AV requirements while retaining Obamacare’s essential benefits would make it harder for consumers to make educated decisions about which health plan to pick.”

The GOP bill consequently would intensify the game that’s played between shoppers and sellers, between consumers and producers, between individuals and corporations, and so enable corporations that are selling insurance, to hide the details that they are planning to be the key drivers behind the profits they’ll be earning from any given policy they market.

This is the libertarian objective: to increase choice and to decrease the consumer’s information, so as to maximize profits. There can be consumer-advisors — for a fee, of

course — but the more choices and less standardization there is, the more that consumers (except the very rich who won't be so much bothered by hiring professional advisors in order to make a purchasing decision) will virtually be required to rely more on gut guesses and less on adequately informed calculations, when choosing what policy to buy.

And these are some of the reasons why the United States, which already has a more free-market healthcare system than any other OECD nation, has (by about a factor of two as compared to the average) by far the highest cost (in absolute terms and also as a percentage of GDP) health care, and also near the bottom health care in terms of life-expectancy. We already have the costliest and nearly the worst, but the Republican proposal would drive it even farther into that direction.

The fundamental marketing-idea for Republican policies is the “free market,” which is the idea that it's good, and so the total lack of it, or communism, is bad; so that, the more free-market a system is, the better it necessarily will be.

However, this is like saying that if the lack of vitamins can kill a person, then the more vitamins a person takes, the healthier he'll become. It's not really true. (If vitamins are good, a person still can kill himself by taking too much.) But the U.S. public believes (or feels) that it's true, and that's why there are more Republicans than Democrats in Congress. But even Democrats in America are more libertarian than most Europeans are about health care. It's a matter of faith, and one might even say that “the free market” is the biggest faith there is in America.

It's so big that even some Democrats believe wholeheartedly in it: it's the American way. And so challenging it has a stench to American nostrils. Whereas in Europe and many countries elsewhere, socialism is taken for granted as a democratic reality there, the U.S. isn't like that, and “socialism” here is automatically equated more with its dictatorial form, communism, like a holdover from the Cold War that just will not stop, because it's a very profitable myth, for those who sell it. So those sellers keep selling it. But it's false. It's taken only on faith. There is no other basis for it, than that. Libertarianism is faith-based. Pure and simple. But so was communism. Even a faith can end. But if it's just replaced by another faith (not by truth), then that's like going from one frying-pan into another — no real change at all.

But the Republican health plan would be a change, toward increased faith.

Investigative historian Eric Zuesse is the author, most recently, of [They're Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST'S VENTRILOQUISTS: The Event that Created Christianity](#).

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