

Is it a Massachusetts 'Miracle'?

by Bill Berkowitz

The Heritage Foundation plays key role in Massachusetts' new health care initiative

A few weeks back, UC Berkeley's Nicholas C. Petris Center on Healthcare Markets and Consumer Welfare (named after the former California state senator whose legislative career was marked by his deep concern with California's health care issues) sponsored a seminar on health care. One panel examined the current status of California's Proposition 63 -- the State's 2004 mental health initiative funded through a tax on millionaires.

While many considered the passage of Proposition 63 something of an electoral "miracle," these days just about everyone involved in health care policy is talking about another "miracle" -- Massachusetts Governor Mitt Romney's plan to provide healthcare insurance for 95 percent of the state's uninsured. In mid-April, Massachusetts became the first state in the nation to require every individual to have health insurance -- whether they want it or not -- or be subject to possible financial penalties. The new plan not only will cover the vast majority of the uninsured, but it represents what politicians like to call a "bipartisan compromise." The legislation, crafted by the state's conservative Republican governor, was supported by the Democratic controlled Legislature. It appears that the reasons this legislative package came together at this time was due to the possible loss of more than \$300 million in Medicaid funds if the state didn't establish a reform plan, a possible ballot initiative that would have called for a more substantial payroll tax-based contribution from employers, a strong presence of pro-consumer health care organizations and the significant role played by Blue Cross Blue Shield Foundation of Massachusetts' "Roadmap to Coverage" initiative. Supporters of the state's health care initiative project that within three years, 95 percent of the state's 550,000 uninsured residents will have to obtain coverage through a combination of new insurance products, entitlement program expansions, public subsidies, and cost control initiatives. A new insurance exchange -- called the Connector by Romney -- will collect premiums from individuals and pass them on to their chosen insurers. Officials are claiming that the cost to the state will be negligible. (For a complete overview of the plan see "Massachusetts Health Reform: What it Does; How it Was Done; Challenges Ahead" [PDF] produced by the Boston, Mass.-based Community Catalyst, Inc.) Paul Ginsburg, one of the Petris Center's conference plenary speakers, mentioned that the Heritage Foundation, Washington's premier right wing think tank, is a key contributor to the Massachusetts miracle. During the post-conference reception Ginsburg, the president of the Center for Studying Health System Change, said that it was no secret that the Heritage Foundation was an integral partner in crafting the legislation. 'Hell has frozen over' An upbeat bipartisan crowd attended the bill-signing ceremony held at Boston's Faneuil Hall: Gov. Romney kidded Sen. Edward Kennedy, D- Mass. -- "My son said that having Sen. Kennedy and me together like this on this stage, behind the same piece of landmark legislation, will help slow global warming. That's because hell has frozen over" -- and Kennedy responded in kind -- "You were talking about what your son said about us getting together. My son said something too, and that is when Kennedy and Romney support a piece of legislation, usually one of them hasn't read it." In his remarks, the governor also offered "special thanks" to two Heritage Foundation "scholars ... who helped design and craft what we now call the Connector which is the centerpiece of the insurance reforms." Sharing the stage with the governor and senator was Robert Moffit, the director of the Center for Health Policy Studies at the Heritage Foundation. "This is the product of a bipartisan cooperation that is a model," Moffit said. "Where too often excessive partisanship corrodes stability, you have seen exactly the opposite in the state of Massachusetts." Conservative groups slam the plan Both before and after the bill was signed into law, Romney's project was roundly criticized by a number of conservatives. Libertarians worried that the plan would force people who did not want healthcare insurance, to participate. Some critics called it a socialistic enterprise. Others agonized that it would add another unnecessary layer to an already bloated state bureaucracy. During the run-up to the passage of the legislation, one of the plan's opponents, Sally Pipes, the president and CEO of the Pacific Research Institute, duked it out at NationalReviewOnline with Edmund Haislmaier, a research fellow in the Center for Health Policy Studies at the Heritage Foundation, who supported it. Haislmaier, who said that he was part of the "team advising the governor and his staff on the design," claimed "those who want to create a consumer-based health system and deregulate health insurance should view Romney's plan as one of the most promising strategies out there." Despite Haislmaier's assurances, the Wall Street Journal's editorial page derisively dubbed it, 'Romney Care.'

Michael Tanner, director of health and welfare studies for the Cato Institute, maintained that "the individual mandate itself is an unprecedented level of interference with individual choice and decision-making." Tanner pointed out that "There's a group of big-government conservatives who believe you can use government power to achieve conservative ends. This puts Gov. Romney squarely in that camp. And the traditional small-government conservatives, I think, are going to be much more critical of this proposal. There's no doubt that that split is going to be the key debate that takes place with the presidential contest and in the Republican party over the next couple of years." Nicholas Provenzo, the founder and Chairman of the Center for the Advancement of Capitalism, was a bit harsher, calling the new law "a boondoggle." "Rather than admit that the problems with healthcare in America are caused by the government's interference with the personal choices of its citizens, the Massachusetts proposal mandates that every state resident and every employer purchase health insurance regardless of whether they want it or not," Provenzo wrote in a post at Capitalism Magazine. Joseph Antos, a healthcare policy specialist at the conservative American Enterprise Institute in Washington, "said that despite Romney's efforts to portray the Massachusetts plan as a conservative victory, it might prove a tough sell for business leaders and 'mainstream Republican America' should Romney decide to run for president," *The Boston Globe* reported. Antos added, "In the business community, I think they're very wary. Politically, this is not exactly hard-core conservative thinking at the moment." Romney was eager to calm the critics. *The Boston Globe* reported "In a speech to an audience at the U.S. Chamber of Commerce, Romney sought to portray the healthcare plan as an unlikely victory for conservatism in a heavily Democratic state." Romney emphasized the program's dependence on the private sector, its emphasis on personal responsibility, and the role the conservative Heritage Foundation played in conceiving some parts of the plan." Grover Norquist, the president of Americans for Tax Reform, was a bit more circumspect: "There is the sense that what Massachusetts has done here is the beginning of a very, very important national debate and that other states will take the framework of what the governor put together, take out the bits the Massachusetts Legislature thought were cute, and that you'll see this in" other states, Norquist said. An uncertain future There is no doubt that at least in the short run, the passage of the "Massachusetts Miracle" was a major victory for the governor. It could separate him from a crowded field of hard line conservatives and play well with moderate and independent voters if, as many pundits believe, Romney decides to enter the race for the Republican Party's presidential nomination for 2008. "It would certainly give the governor a very interesting talking point on an issue that is going to be central to any upcoming election," Norquist told the *Boston Globe*. Despite the criticism the Heritage Foundation was subjected to from fellow conservatives, it is undeniably proud of the role it played in crafting the plan. There is nothing wrong with occasionally bucking your friends if you can deliver, and it clearly did. In addition, the foundation has demonstrated that besides being a highly partisan can-talk organization, it is also a can-do operation. Its reputation will certainly be enhanced by its participation, and its funders will be encouraged. The Heritage Foundation's Haislmaier is convinced that the bill was "a testament to the power of good ideas -- as well as to the political skills of one particular governor and his team." And, it was able "to achieve some deregulation of the health insurance market," the Heritage Foundation's Moffit and maintained in a report posted in late-April at the Web site of Human Events, a conservative weekly. Will "Romney Care" work? If it does, will it be seen as a viable model for other states? Will this initiative make the single-payer alternative less attractive to legislators and more difficult to achieve? Providing an opportunity for healthcare coverage of virtually all of the state's uninsured will undoubtedly benefit the citizens of Massachusetts. The Community Catalyst report carefully points out: "If the plan is implemented fairly and adequate funding is made available, thousands will gain coverage and no one will have to pay unaffordable premiums for low quality insurance...On the other hand, if benefits are not protected, a reasonable standard for affordability not established and adequate subsidies not made available, the individual mandate will be highly problematical to say the least." It will also be good for the health care and insurance industries, because it will eliminate the cost of uncompensated or indigent care from being passed on to the insured population through increased rates charged by insurance companies, and it will steer more business their way. In reality, the answers to most of the questions surrounding this initiative will not be known for quite some time.