

The New York Times

July 25, 2013

Republican Health Care Panic

By PAUL KRUGMAN

Leading Republicans appear to be nerving themselves up for another round of attempted fiscal blackmail. With the end of the fiscal year looming, they aren't offering the kinds of compromises that might produce a deal and avoid a government shutdown; instead, they're drafting extremist legislation — bills that would, for example, cut clean-water grants by 83 percent — that has no chance of becoming law. Furthermore, they're threatening, once again, to block any rise in the debt ceiling, a move that would damage the U.S. economy and possibly provoke a world financial crisis.

Yet even as Republican politicians seem ready to go on the offensive, there's a palpable sense of anxiety, even despair, among conservative pundits and analysts. Better-informed people on the right seem, finally, to be facing up to a horrible truth: Health care reform, President Obama's signature policy achievement, is probably going to work.

And the good news about Obamacare is, I'd argue, what's driving the Republican Party's intensified extremism. Successful health reform wouldn't just be a victory for a president conservatives loathe, it would be an object demonstration of the falseness of right-wing ideology. So Republicans are being driven into a last, desperate effort to head this thing off at the pass.

Some background: Although you'd never know it from all the fulminations, with prominent Republicans routinely comparing Obamacare to slavery, the Affordable Care Act is based on three simple ideas. First, all Americans should have access to affordable insurance, even if they have pre-existing medical problems. Second, people should be induced or required to buy insurance even if they're currently healthy, so that the risk pool remains reasonably favorable. Third, to prevent the insurance "mandate" from being too onerous, there should be subsidies to hold premiums down as a share of income.

Is such a system workable? For a while, Republicans convinced themselves that it was doomed to failure, and that they could profit politically from the inevitable "train wreck." But a system along exactly these lines has been operating in Massachusetts since 2006, where it was introduced by a Republican governor. What was his name? Mitt Somethingorother? And no trains have been wrecked so far.

The question is whether the Massachusetts success story can be replicated in other states, especially big states like California and New York with large numbers of uninsured residents. The answer to this question depends, in the first place, on whether insurance companies are willing to offer coverage at reasonable rates. And the answer, so far, is a clear "yes." In California, insurers came in with bids running significantly below expectations; in New York, it appears that premiums will be cut roughly in half.

So is this a case of something for nothing, in which nobody loses? No. In states like California, which have allowed discrimination based on health status, a small number of young, healthy, affluent residents will see their premiums go up. In New York, people who don't think they need insurance and are too rich to receive subsidies — probably an even smaller group — will feel put upon by being obliged to buy policies. Mainly, though, those insurance subsidies will cost money, and that money will, to an important extent, be raised through higher taxes on the 1 percent: tax increases that have, by the way, already taken effect.

Over all, then, health reform will help millions of Americans who were previously either too sick or too poor to get the coverage they needed, and also offer a great deal of reassurance to millions more who currently have insurance but fear losing it; it will provide these benefits at the expense of a much smaller number of other Americans, mostly the very well off. It is, if you like, a plan to comfort the afflicted while (slightly) afflicting the comfortable.

And the prospect that such a plan might succeed is anathema to a party whose whole philosophy is built around doing just the opposite, of taking from the “takers” and giving to the “job creators,” known to the rest of us as the “rich.” Hence the brinkmanship.

So will Republicans actually take us to the brink? If they do, it will be crucial to understand why they would do such a thing, when their own leaders have admitted that confrontations over the budget inflict substantial harm on the economy. It won't be because they fear the budget deficit, which is coming down fast. Nor will it be because they sincerely believe that spending cuts produce prosperity.

No, Republicans may be willing to risk economic and financial crisis solely in order to deny essential health care and financial security to millions of their fellow Americans. Let's hear it for their noble cause!