Why replacing Obamacare is so hard: It’s fundamentally conservative

By Craig Garthwaite  July 10

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Republicans are engaged in a brutal civil war between hard-liners and moderates as they struggle to craft legislation to repeal and replace Obamacare. The episode invites an almost existential question for the GOP: Why, after seven years of nearly endless war against Obamacare, is the party unable to deliver a more conservative policy that provides access to health care to a similar number of Americans?

As a life-long Republican who has spent months contemplating this question, I’ve come to an answer that will be hard for many conservatives to swallow: Passing an Obamacare replacement is difficult because the existing system is fundamentally a collection of moderately conservative policies.

In crafting their health-care plan, Republicans have come to the uncomfortable realization that there simply isn’t much room to the political right of Obamacare for a policy that covers as many people with high-quality insurance. Furthermore, many have realized that there isn’t much political will for a bill that covers meaningfully fewer people or that places low-income individuals in insurance plans with cost-sharing elements they can’t afford.

To be sure, the suggestion that Obamacare is based on conservative principles is anathema to the modern incarnation of the GOP. Opposition to the legislation has become so central to the party’s agenda that simply writing these words will surely brand me as a Republican apostate.

But before I am drummed out of the party, it’s important that we consider our history. Given current rhetoric, it seems Republican leadership has forgotten that even Ronald Reagan saw a role for the government to provide quality health insurance for those who could not otherwise afford access. At the time, this wasn’t surprising because the Republican Party wasn’t dominated by the purely anti-government ideals of the House Freedom Caucus and the more conservative members of the Senate. Instead, it was a party that at its core supported a limited, well-run and efficient government.
This fact can be seen in the structure of the social insurance policies we’ve historically supported. Rather than embracing unconditional cash transfers or regressive minimum-wage increases, we supported welfare reform and the earned-income tax credit. In areas where government service is needed, we’ve supported the expanded use of government contractors and outsourcing rather than an ever-growing leviathan.

Even in other aspects of health-care policy, we’ve supported previous expansions of government health insurance programs by creating Medicare Part D, supporting Medicare Advantage and advocating premium support in Medicare. Each of these policies involves government intervention where the private market failed, but in a way that focuses on the diligent and effective use of market-based incentives and, where possible, private firms.

This history makes it clear: Obamacare is broadly an extension of traditional Republican beliefs. Under the law, private firms provide health insurance in a free, but appropriately regulated, market. We might question the nature and structure of these regulations, but economics simply does not allow us to deny the underlying fact that these stable health insurance markets require regulatory guardrails.

Furthermore, these Obamacare regulations all work together. Those that are disliked are necessary to support those that are beloved. Republicans might want a world where they can pick and choose among the various features of Obamacare, as in a health-policy buffet. But in truth, this is more like a fixed menu where the chef allows little substitution.

Consider the regulation guaranteeing insurance access for those with preexisting conditions. While popular — even among GOP leaders — this requirement comes with the necessity of additional regulations. If you force insurance companies to cover people who are already sick, you need market interventions such as the individual mandate and sufficiently generous tax subsidies to prevent a death spiral. And for people with few resources, these subsidies follow the wisdom of Reagan and provide Medicaid coverage.

Unfortunately, these marketplace realities run afoul of the Republican Party’s newly developed preternatural love for completely unfettered markets — a love that is simply incompatible with reality and our party’s history.

Quite simply, addressing adverse selection in health policy doesn’t mean you are surrendering to the long arm of government intervention any more than having the government enforce property rights or contracts is the first step on the slow march to socialism. It simply means we recognize that at times the conditions for healthy markets are missing and must be provided.

I have many problems with Obamacare, but they don’t stem from a belief that any government intervention in markets is a nonstarter. Such a belief cannot be, and frankly has never been, the litmus test for policy in the Republican Party. If it is, the inability to solve the big problems facing our great nation will be the beginning of the end of the party.

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