



Written by [Michael Tennant](#) on January 26, 2017

Rand Paul Unveils ObamaCare Replacement Bill

Senator Rand Paul (R-Ky.) on Tuesday introduced legislation to replace ObamaCare with, as he put it in a [press release](#), “a health care plan grounded in broadly supported conservative reforms.” According to Paul (shown), the ObamaCare Replacement Act would both repeal the most onerous provisions of the Affordable Care Act (ACA) and provide Americans with greater flexibility in purchasing health insurance and care.



“Getting government out of the American people’s way and putting them back in charge of their own health care decisions will deliver a strong, efficient system that doesn’t force them to empty out their pockets to cover their medical bills,” Paul said.

There is no doubt that ObamaCare needs to be repealed. Indeed, as Paul declared in a January 2 [op-ed](#), “It cannot happen soon enough.” The senator pointed to the law’s “exploding” premiums, the failure of the co-ops, and the high cost of even subsidized coverage as reasons to rid America of the ACA. He also argued that replacement needs to happen at the same time as repeal or else “the repealers risk assuming the blame for the continued unraveling of ObamaCare,” a sentiment he [claimed](#) is shared by President Donald Trump.

According to a [fact sheet](#) posted on Paul’s Senate website, the ObamaCare Replacement Act would repeal the individual and employer mandates as well as numerous mandates on insurers that restrict the availability of low-cost insurance while driving up the cost of care.

The bill also aims to provide tax incentives for the purchase of insurance and care. It would allow individuals who buy insurance on their own to deduct the premiums from their income for tax purposes, just as employers have been able to do for decades, thereby loosening the ties between employment and insurance without adversely affecting employer-based coverage as ObamaCare does. The bill would expand the tax credit for Health Savings Accounts (HSAs), allow individuals to contribute unlimited amounts to HSAs, and greatly increase the ways in which HSA contributions can be spent, thus giving individuals more control over their healthcare spending and a stronger incentive to economize. (ObamaCare, premised on the belief that Washington knows best, severely restricted HSA contributions and allowable expenditures.) Paul’s legislation would also let physicians deduct free care they provide, making them more likely to offer it, as they commonly did before the government started assuming the role of healthcare provider.

Realizing that repealing the ACA’s insurance mandates might have the effect of stripping many people with pre-existing conditions of their coverage, Paul includes two provisions in his bill to offset this. First, he gives individuals with such conditions a two-year grace period in which to enroll in coverage. Second, he reinstates a provision of the 1996 Health Insurance Portability and Accountability Act (HIPAA) that guarantees individuals with pre-existing conditions continuous coverage.

Paul’s bill allows insurance companies to sell plans across state lines, which in theory should increase



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competition and lower prices. However, the bill also includes numerous restrictions on this practice that could reduce its effectiveness.

Other provisions of the legislation would permit more individuals, organizations, and businesses to band together to buy health insurance. Large groups generally have lower premiums and more generous coverage than small groups and individuals because the costs can be spread among more people.

The bill would also “allow states to make changes to their Medicaid plans without interference from Washington,” the fact sheet says.

“Senator Paul’s reform package certainly represents a great step forward from the absurdity of Obamacare and would help liberalize many aspects of modern health insurance,” [wrote](#) Tho Bishop of the Ludwig von Mises Institute. But, he noted, it still doesn’t get to the root of the problem: the high cost of healthcare, brought on by a century or more of government interference that has restricted the supply of care while increasing demand for it by creating a reliance on third-party payments. Yes, Paul’s bill would give individuals more flexibility, but they would still have to play by Uncle Sam’s rules to one degree or another. Some of the provisions in the bill — such as the return to HIPAA’s continuous-coverage mandate or the requirement that some of the newly formed insurance pools not restrict membership to the reasonably healthy — would simply replace one form of market interference with another. Furthermore, the most compelling reason to repeal ObamaCare is that it is unconstitutional, yet some of the provisions in Paul’s bill likewise fall outside the federal government’s enumerated powers.

Paul (cumulative Freedom Index score: [93 percent](#)) isn’t the first Republican in the Senate to introduce ObamaCare replacement legislation. However, given that the first bill was introduced by Senators Bill Cassidy of Louisiana (Freedom Index score: [65 percent](#)) and Susan Collins of Maine ([40 percent](#)), it’s hardly surprising that Paul’s is the more far-reaching of the two. According to [The Hill](#), the Cassidy-Collins bill is “more centrist, keeping ObamaCare’s taxes and letting states choose to keep the existing healthcare law if they wanted.” Of course, the fact that Paul’s bill is considered “radical,” observed Bishop, is “a sign of how few in the Federal government understand the basic problem it has created.”

The ObamaCare Replacement Act may therefore be the best that constitutionalists can hope to get from Congress at this time. Whether it will pass is anyone’s guess, as is whether Trump would sign it. But his [swift action](#) to put the brakes on as much of ObamaCare as he can, coupled with his reported endorsement of Paul’s strategy, suggests that he just might.



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