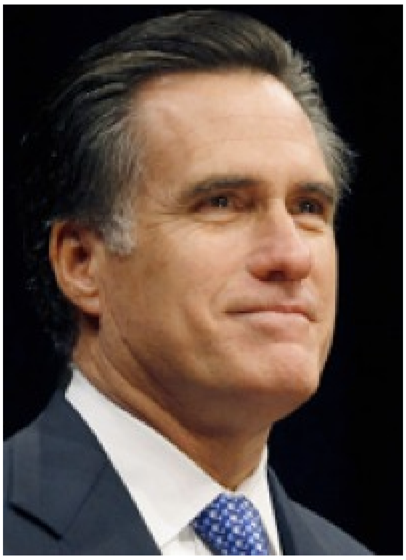
RomneyCare Brings High Healthcare Costs, Calls for Price Controls



Since 2006, when then-Gov. Mitt Romney (R) signed Massachusetts' so-called universal coverage law, Bay State spending for privately insured residents has "far outpaced national growth," according to the *Boston Globe*, while access to healthcare has suffered. Last year the *Wall Street Journal* reported that average insurance premiums in Massachusetts are the highest in the nation; small business costs have increased by 5.8 percent since RomneyCare was instituted; and per capita health spending is 27 percent higher than the national average (15 percent higher when adjusted for local wages and research grants).

It isn't hard to figure out why. By forcing insurers to cover everyone regardless of pre-existing conditions and by piling on mandated coverage and various other regulatory burdens, RomneyCare virtually guaranteed that healthcare costs would skyrocket. Insurers, naturally, wanted to raise their premiums to cover the higher costs. But as John R. Graham of the Pacific Research Institute explained:

> Because it was politically intolerable to allow premiums to rise in line with the costs of Romneycare, the state's insurance commissioner denied 235 of 276 rate increase requests in April 2010. For a short time, no new policies were offered, and plans suffered significant losses. The next month, Blue Cross Blue Shield of Massachusetts, the state's largest carrier, announced a $55 million provision for anticipated losses in the second quarter alone.

Saving face for politicians who had voted for RomneyCare isn't the only reason for denying premium increases. An even bigger problem is that the state heavily subsidizes the purchase of health insurance, so any rate hikes also take a toll on the Bay State budget.

With state healthcare spending spiraling out of control, Gov. Patrick decided it was time to double down on the state's attempts to buck the laws of economics. He introduced legislation to enforce price controls on hospitals and other healthcare providers.

State legislators, at Patrick's request, are now writing their own price-control proposal, and they are "saying they would go further than Patrick did in his recent legislation," the *Globe* reports.

> A key component of their proposal, they said, would be to address inequities in what insurers pay hospitals and doctors groups, as highlighted in a report released last week by Attorney General Martha Coakley's staff. Providers with brand names or geographical dominance, her staff concluded, are able to demand higher prices than others for providing similar care.

Under socialist systems, however, such inequities are not to be permitted. Therefore, says the paper,

> The governor and many legislators want to move to a system of "global payments,'' in which

> providers are paid a monthly per-patient budget for care, rather than allowing them to bill for each separate service rendered to a patient, with few limits on the number of services.

In other words, healthcare providers are going to get a fixed amount per patient regardless of how much treatment those patients require. One doesn't have to be an economist to figure out what will happen: Patients with conditions requiring expensive treatments will find it harder and harder to obtain treatment, and those who are treated can expect providers to cut corners to stay under their state-allotted budgets — the very negation of the stated purpose of RomneyCare.

Legislators are not even trying to couch their attempts at price controls in less-loaded terminology. Rep. Steven Walsh (D), chairman of the House Committee on Health Care Financing, said, "We will be bolder and more aggressive than ever before," adding that "he wants to offer the market 'more concrete goals' for controlling prices," the *Globe* writes.

His Senate counterpart, Sen. Richard Moore (D), stated, "Our concern turns to outrage when we learn that there is no direct correlation between the cost of health care and the quality of care received." Taxpayers may be similarly outraged over the seemingly inverse correlation between the cost of government and the quality of services received, but that doesn't seem to bother Moore. In fact, he's going to stick it to taxpayers even further: The *Globe* says the bill that he expects the legislature to pass "will contain stronger incentives for residents to join wellness and prevention programs" — that is, state-enforced behavior modification.

Such behavior modification will be necessary because price controls will fail to curb costs. Instead, by keeping prices below market level, they will ensure reduced supply and quality of care. Thus, individuals will be forced to adopt state-mandated "healthy lifestyles" so that they don't become a burden on the system. If that fails to cut costs, as it almost certainly will, the state will do what all socialist systems ultimately do: ration scarce goods and services, in this case healthcare.

Knowing how quickly RomneyCare has resulted in skyrocketing healthcare costs, reduced access to healthcare, and calls for price and lifestyle controls ought to make anyone worry about how quickly ObamaCare will wreak similar havoc on the whole country's healthcare. Nullification and repeal of that federal monstrosity now seem more urgent than ever before.

Photo: Mitt Romney