

A Winning Alternative to Obamacare: Executive Summary

Obamacare was passed as “comprehensive” legislation, and it calls out for comprehensive repeal. But while most Americans want to see Obamacare repealed, they’re not likely to yank newly obtained insurance away from millions of their fellow citizens. It is therefore crucial for conservatives to advance a winning alternative that alleviates this concern and leads to Obamacare’s ultimate defeat.

There are three main reasons why advancing an alternative is so important: (1) politically, one can’t expect to beat something with nothing; (2) policy-wise, our health-care system already needed to be fixed pre-Obamacare, as the government had already broken it; and (3) if Obamacare continues to unravel but conservatives offer no viable alternative, liberals will seize that opening to push for the government monopoly over American medicine (“single payer”) that they have always desired.

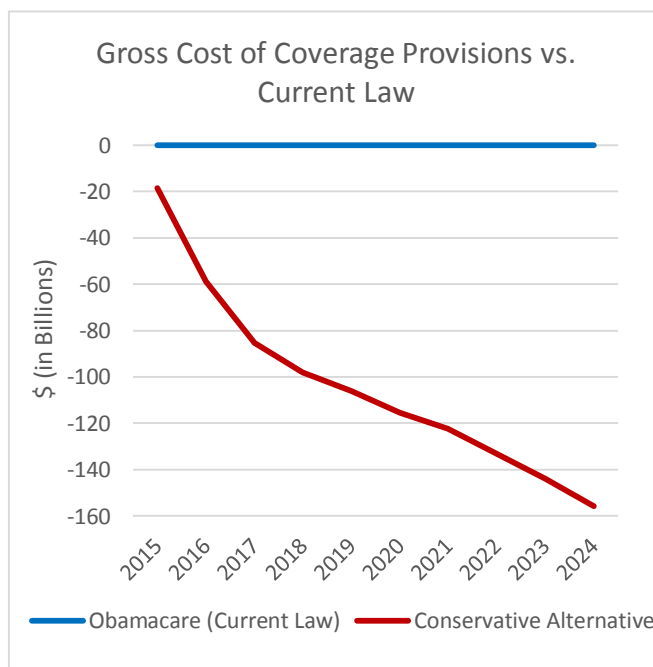
A winning alternative needs to be something that can be sold to the American people on the political stump, and it must address all three of Americans’ core goals for real health-care reform: lowering costs, dealing with preexisting conditions, and significantly increasing the number of people who are insured versus the pre-Obamacare status quo.

A well-conceived conservative alternative would be able to make the following winning claim: Under the conservative plan, health costs would drop, liberty would be secured, and any American who wants to buy health insurance would be able to do so.

Part 1: End the Unfairness in the Tax Code—by Offering Tax Credits to the Uninsured and Individually Insured

For decades, the federal government has had its foot on the scale, favoring employer-provided health insurance by giving it preferential treatment in the tax code. Why should millions of Americans who get insurance through their employer get a tax break, while millions who buy it on their own through the individual market, do not? To end this unfairness, and to revitalize the individual market, we propose a refundable health insurance tax credit—an approach that Sen. Jim DeMint wisely advocated as far back as 2009—with the value of the tax credit to be as follows:

- \$1,200 for those under 35 years of age
- \$2,100 for those between 35 and 50
- \$3,000 for those who are 50 or over
- \$900 per child



These tax credits would be made available to those (and only those) who purchase health insurance through the individual market. The credits would go directly to individuals or families, not to insurance companies like Obamacare’s subsidies do. And they could be used to buy any real insurance that people might want, not merely the insurance that President Obama thinks they should have.

Moreover, these tax credits, and the sum of the provisions contained in this alternative, would cut costs dramatically versus Obamacare, saving taxpayers over \$1 trillion from 2015-24.

Q & A: Why offer a tax credit rather than a tax deduction? The key to achieving the repeal of Obamacare is to meet Americans’ trio of goals for real health-care reform. A tax deduction (the bulk of which would go to the top half of income-earners) cannot meet the goal of sufficiently increasing the number of people with insurance versus the pre-Obamacare status quo. Thus, an alternative that relies on a tax deduction would struggle to pave the way to full repeal.

Q & A: How would this affect the middle class? Even apart from this alternative’s salutary effects on their health care, their liberty, and their role as taxpayers—the vast majority of Americans would fare much better under this proposal than under Obamacare, as the following chart shows:

Income:	21-year-olds		41-year-olds		61-year-olds	
	Obamacare Subsidy	Tax Credit (Alternative)	Obamacare Subsidy	Tax Credit (Alternative)	Obamacare Subsidy	Tax Credit (Alternative)
\$20,000	\$1,507	\$1,200	\$2,240	\$2,100	\$4,822	\$3,000
\$30,000	\$16	\$1,200	\$780	\$2,100	\$4,096	\$3,000
\$40,000	\$0	\$1,200	\$0	\$2,100	\$2,808	\$3,000
\$50,000	\$0	\$1,200	\$0	\$2,100	\$0	\$3,000
\$75,000	\$0	\$1,200	\$0	\$2,100	\$0	\$3,000
\$100,000	\$0	\$1,200	\$0	\$2,100	\$0	\$3,000

For year-1 of the Alternative and year-1 of Obamacare, based on [the 2017 Project’s study](#) of the median taxpayer-funded Obamacare subsidies across the 50 largest U.S. counties for the lowest-cost “bronze” plan.

Part 2: Solving the Problem of Expensive Preexisting Conditions

Through the following provisions, this alternative would ensure that no one in American could be denied affordable health insurance on the basis of a preexisting condition:

- No one could be dropped from existing insurance, or be re-priced, due to a health condition
- When people turn 18 (or leave their parents’ insurance), they would have a 1-year buy-in-period during which they couldn’t be denied coverage, or charged more, for a preexisting condition
- Parents would be granted a similar one-year buy-in-period for newborns
- People could move from employer-based plans to individual plans, or between individual plans of the same level, without being denied coverage, or re-priced, for a preexisting condition
- \$7.5 billion a year in federal funding for state-run “high risk” pools would ensure that anyone could buy partially subsidized insurance, through these pools, covering preexisting conditions

Part 3: Lowering Health Costs Across the Board

While Obamacare hikes costs, this alternative would lower them—through the following provisions:

- Providing tax credits (as discussed above) to breathe new life into the individual market
- Letting those who don’t use their full tax credit deposit the rest in a health savings account (HSA)
- Making it easier to use HSAs by loosening the regulations governing them
- Offering a 1-time \$1,000 tax credit for anyone who opens (or has) an individual-market HSA
- Promoting interstate commerce by allowing anyone in State A to buy insurance from State B that meets State B’s (rather than State A’s) rules regarding coverage, pricing, etc.
- Closing the high-end tax-loophole for employer-based insurance, by letting those with plans above the 75th percentile (~\$8K/person, \$20K/family) only write off costs below that tally
- Ending longstanding restrictions on offering lower-cost plans to those with healthier lifestyles
- Calling upon states to enact sensible medical malpractice reforms

Such an alternative would be a huge victory for Americans’ health care, their pocketbooks, and their liberty.