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The Obamacare Replacement Mirage

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Hype springs eternal — certainly when it comes to Paul Ryan, whose media image as a Serious, Honest Conservative and policy wonk seems utterly impervious to repeated demonstrations that he is neither serious nor honest, and that he actually knows very little about policy. And here we go again.

But what really amazes me about the latest set of stories is the promise that Ryan will finally deliver the Republican Obamacare alternative that his colleagues in Congress have somehow failed to produce after all these years. No, he won't — because there is no alternative.

Or maybe I should say that there is no alternative to the right. Alternatives to the left do exist. True socialized medicine — an American NHS — would be feasible economically; so would single-payer, in the form of Medicare for all. The reasons we aren't doing those are political.

But on the right, is there a more free-market, more privatized system that could replace the Affordable Care Act without causing the number of uninsured to soar? No, as some of us have tried to explain many times.

Once again: a useful starting point is the problem of people with pre-existing conditions. How can they be offered affordable insurance? You can prohibit insurers from discriminating on the basis of medical history — community rating. But if that's all you do, only sicker people will sign up; many will wait until they get sick to buy insurance; and so costs will be high due to a bad risk pool.

So non-discrimination must be combined with an individual mandate, the requirement that everyone get insurance. But what about people who can't afford it? There must be subsidies to lower-income families, so that they can.

What you end up with, then, is community rating + individual mandate + subsidies — that is, with Obamacare. There's nothing arbitrary about it, and you can't pick and choose from the elements: it's a three-legged stool that needs all three legs to stand. And it can't be made cheaper, either — the subsidies are already on the low end, requiring that the allowed policies can involve higher deductibles than they really should.

And all this, in turn, is the reason Republicans haven't come up with an alternative. It's not because they're timid, or lazy, or stupid (they may be all these things, but that's not why they've come up short). It's because there is no alternative that wouldn't involve taking coverage away from tens of millions.

So no, Ryan isn't going to roll out a magical solution to this problem in the next couple of months. Even if he were the policy wonk he pretends to be, he couldn't do the impossible.

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