



Written by [Steven J. DuBord](#) on October 23, 2009

Report Sees Flaws in Baucus Healthcare Bill

A Cure Worse Than the Disease: Obama Care Won't Cut Costs, But May Cut Quality is the title of an October 22 report from the Competitive Enterprise Institute (CEI). The report spots several flaws in the Senate Finance Committee's version of healthcare reform legislation.



"On paper, the plan looks affordable, because it contains several features intended to reduce longterm health care costs," said the report. The Congressional Budget Office (CBO) has estimated that the Baucus bill would cost \$829 billion during the first 10 years while possibly reducing the federal deficit by \$81 billion.

The CEI document, however, says "there is good reason to believe these proposals will not cut costs substantially, and could reduce the quality of care for patients." Most of the cost savings for the federal government come from shifting expenses to the states or private payers. This makes the CBO numbers look good, but it won't actually do anything to hold down the inflation of healthcare costs.

Even when the Baucus bill seems like it could keep down skyrocketing costs, it does this by erecting "government barriers between patients and their doctors, while jeopardizing long-term medical innovation." It also depends on \$397 billion in new taxes and other revenue while simultaneously sticking the state governments with the bill for an estimated \$33 billion in expanded Medicaid coverage.

The Finance Committee bill would reduce costs by cutting \$245 billion from Medicare spending. This is a commitment on paper only though, and if the cuts don't materialize, the price of this legislation goes up. The CBO noted that "the long-term budgetary impact could be quite different if those provisions were ultimately changed or not fully implemented." Even if the Medicare cuts do take place, they merely force healthcare providers to charge higher rates to other patients who have private insurance.

A reliance on comparative effectiveness research to guide reimbursement practices is also part of the bill. This will be patterned after the British government's National Institute for Health and Clinical Excellence, known as NICE — an acronym one would have thought only George Orwell could devise.

The CEI report pointed out that the NICE program "denies British citizens access to many expensive breakthrough drugs for debilitating and life-threatening conditions like cancer, multiple sclerosis, Alzheimer's disease, and macular degeneration because those medicines are not sufficiently effective for every patient who takes them." Karol Sikora, a prominent cancer specialist in the UK, gets to the heart of the matter here: "The real cost of this penny-pinching is premature death for thousands of patients."

Another cost will be felt as innovation in medical treatments is stifled. The report stated that "if each new medical product must pass a population-wide cost-benefit test before a critical mass of patients



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could get access, there will be little incentive for investors to finance the next generation of technologies that could provide the cures Americans will expect in coming years.”

The CEI’s conclusion is grim: “Despite claims that the Senate Finance Committee’s health care reform bill will rein in costs and eliminate waste from the system, the proposal will actually lead to higher health care costs and an exploding budget problem for the federal and state governments.” The bill would also “very likely lower the quality of patient care and wreak havoc on long term medical innovation.”

This is certainly not the right way to reform healthcare in America. The last thing we need is a cure that is worse than the disease.



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