



Written by [Brian Koenig](#) on November 15, 2011

ObamaCare to Spend \$1 Billion on Healthcare Innovation

The Obama administration's latest effort in its "We Can't Wait" jobs strategy is a \$1-billion grant program for organizations to hire, train, and deploy new healthcare workers. Health and Human Services (HHS) Secretary Kathleen Sebelius (left) announced Monday that the department will disperse the grant money over three years to generate jobs which enhance healthcare through innovation. "Both public and private community organizations around the country are finding innovative solutions to improve our health care system and the Health Care Innovation Challenge will help jump-start these efforts," Sebelius affirmed in a statement.



The initiative, called the Health Care Innovation Challenge, will award grants of from \$1 million to \$30 million next spring to medical providers, nonprofit organizations, community groups, local government agencies, and other organizations serving patients in federal healthcare programs such as Medicare and Medicaid. While the funding stems from Obama's healthcare overhaul, the program is an appendage to the President's "We Can't Wait" campaign, a political ploy by the White House to pressure congressional Republicans into supporting Obama's jobs plan.

The program is [designed](#) to find "the most compelling new ideas to deliver better health, improved care and lower costs to people enrolled in Medicare, Medicaid, and the Children's Health Insurance Program," a White House announcement disclosed. The Center for Medicare and Medicaid Innovation, established as part of the Patient Protection and Affordable Care Act, will administer and monitor the program.

"This will open the in-box for many innovators and organizations that have an idea to bring to the table," [asserted](#) Dr. Don Berwick, administrator for the Centers for Medicare and Medicaid Services. "We're seeking innovators, organizations and leaders that have an idea to bring into further testing."

Healthcare is one sector of the economy that is not languishing from stagnant job recovery, as healthcare employment has been steadily rising, with more than 300,000 jobs added in the past year, [according](#) to the Bureau of Labor Statistics. Moreover, the bureau estimates that total employment in healthcare will [swell](#) by 3.2 million jobs by 2018, more than any other sector of the U.S. economy. Observers are asking, however, even if one accepts the notion that government can effectively create jobs, why choose healthcare, the sector of the economy that is likely the healthiest in the nation?

Likewise, the country is facing a crunch in primary-care physicians, thanks to a government-induced, third-party-payer compensation system that has diverted many medical school students away from practicing in general medicine. The Association of American Medical Colleges estimates that the United States will have a deficit of 63,000 doctors by 2015; the shortage will hike to 130,600 by 2025.



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The *Washington Post* [noted](#) that the need for expanding the healthcare workforce will likely be increased in 2014, when the new law intends to offer health insurance coverage to millions of new Americans — not to mention that the industry will be facing a massive wave of baby boomers. By 2019, the Congressional Budget Office projects that 32 million more Americans will have coverage. With that said, general hiring in the healthcare industry is a sector of the U.S. economy that hardly needs bolstering; the increase in medical demand will surely boost employment itself.

So exactly how many jobs will this billion-dollar boondoggle create? The Obama administration does not seem to know. Instead, administration officials pledge that subsidizing new technologies and innovations will “transform our healthcare system.” “We have a wealth of good ideas in health care, but the big challenge is spread,” said Dr. Berwick. “This will be seed money to get innovation to go further. This is venture capital to grow good ideas to scale.”

But is the government really a viable candidate for spurring innovation and developing new technologies in healthcare? Critics of the plan argue that government officials are not qualified to pursue such ambitious endeavors, as they are the people who have run Medicare and Medicaid into colossal entitlement disasters.

Constitutionalists have noted that if the Obama administration desires to see innovation in medicine, the government should lift the burdensome regulations that discourage research and development. If the President wants innovative new drugs, then he must ease the FDA’s despotic grip on pharmaceutical companies. Better yet, they say, eliminate the FDA, abolish all the intrusive regulations on doctors, and allow the market to regulate itself.



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