



The Daily Dish

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[One in every ten government health care payments is wrong](#). According to a new report by the Department of Health and Human Services, from June 2013 through June 2014 \$43 billion in improper payments were made by fee-for-service Medicare, while Medicaid made \$29 billion in wrong payments.

[The Senate voted 52-46 to block President Obama's Clean Power Plan](#). The White House has promised to veto the resolution if it reaches the president's desk. Senate Majority Leader McConnell said of the vote, "These regulations make it clearer than ever that the president and his administration have gone too far, and that Congress should act to stop this regulatory assault," [AAF research shows](#) that the Clean Power Plan would close 66 power plants, eliminating 125,800 jobs.

Eakinomics: Not a Single-Payer

News reports indicate that the most famous advocate for a single-payer health care system (and other aggressive government interventions), Senator Bernie Sanders, is [hesitating](#) to launch his proposed reform to move the United States to that system. There is good reason to hesitate.

Single-payer has always had a huge analytic achilles heel. The expensive part of the U.S. health care system is not its insurers. The expensive part are the doctors and hospitals that populate every state, county, borough, township, city, town, and village in the land. Their payments are the result of negotiation with the payers; i.e. with those insurance companies. There is nothing about there being a single-payer that permits it to negotiate more effectively with those same doctors and hospitals across the U.S. (one could imagine price controls, but that is a very different animal).

Even more important, single-payer already has a history of [failure](#) in Senator Sanders' home state of Vermont. The costs of single-payer were not lower — they were high enough that the governor abandoned the single payer system. The Veteran's Administration is a single-payer system for vets. That system — once lauded as a model for national health care reform — has proven to shortchange veterans from the care they deserve, and is an unmanageable nightmare seemingly beyond reform. The Affordable Care Act's co-ops have similarly [failed](#) at a spectacular rate — one-half are already underwater. The results are disruptions in valuable care and unpaid bills being shifted to other insurers and the taxpayer (remember when the argument was that health care reform was needed to stop cost shifting!).

As a final example, consider the alternative approach. The Medicare prescription drug program (Part D) is a government program to cover the outpatient drug costs of seniors. It is [built](#) however, on competition among private prescription drug plans. It has a great track record, having come in well below projected costs while producing high levels of beneficiary satisfaction. However, its greatest success is its least-known. Democrats insisted that the Medicare Modernization Act which created Part D include provisions for government-run "fallback plans" for those occasions where not even a single private firm would enter the market and compete for a region's seniors. It never happened and no fallback plan has ever been used.

The track record is clear: many competitive payers and not a single-payer.

Fact of the Day

More than half of the ACA's co-ops have failed resulting in net losses of \$492 million, with a potential \$1.6 billion more to be lost.