

Policy Brief: How to Stop ObamaCare

There is only one way – and it means turning down the money.

The Wrong Goal

The Affordable Care Act (ACA) aims to reform the nation’s health care system by taking over the health insurance market. Not only do government takeovers *always* make things less efficient and more costly; ACA’s goal – to make insurance “affordable” – isn’t the right goal.

- ObamaCare money isn’t “ours.” It’s borrowed from future generations. Fully \$1.79 billion of the money S.C. received this year from Washington was financed by debt.
- The most conservative estimate available found that the state receives \$1.92 in federal spending for every dollar we send to the federal government. The argument that “we paid taxes and might as well get what’s coming to us” just isn’t true.

The Right Goal

The goal is excellent and affordable medical care, not insurance made “affordable” by government force. Since the acceptance of federal money *always* triggers federal mandates, there is no way for S.C. to accept ObamaCare money without pursuing ObamaCare’s flawed goal. For instance:

- If state officials want federal highway funds, they must abide by federal officials’ dictates, frequently by diverting funds from maintenance projects to expansions.
- In taking “stimulus” money, state lawmakers willingly expanded eligibility requirements for unemployment benefits and Medicaid.
- And in order to get No Child Left Behind funds, S.C. had to enact major changes to the way schools assess student performance.

The Affordable Care Act is no different. What’s needed isn’t to keep using federal money to aim for the wrong goal. What’s needed is to *let the free market produce the best and most affordable medical care in the world.*

No Quick Solution

There is no easy way to get rid of ObamaCare by making it illegal. Many of the programs contained in the Affordable Care Act are already in place, and the federal dollars have either already been accepted or are being requested. Just two examples:

- In 2012, the S.C. Department of Health and Human Services announced its plan for “Express Lane” eligibility for Medicaid. Children in families receiving benefits from the food stamps and TANF programs but not currently enrolled in Medicaid will be automatically enrolled.
- *S.C. has already begun expanding Medicaid.* Last year, the state **received** \$187 million for the purpose. The state has **requested** an additional \$217 million from the federal government.

What Can We Do?

South Carolinians do have an alternative. The first step is to codify a system in which the acceptance of federal funds would take the form of a contract. *State officials would be required to disclose exactly what authority they are transferring to the federal government in exchange for money, and what the money is intended to accomplish.* Our elected officials should be able to explain the transaction in these areas:

- *Cost to citizens' freedom* – in new or higher taxes, for example, or products being made illegal.
- *New restrictions on citizens and/or state authority.* For instance, if a state agency can only receive a federal grant if the legislature changes the law according to federal demands, this information should be made public *before* the grant money is drawn down.
- *New state, federal, and local taxpayer-financed positions created.*
- *New regulations and policy changes mandated by Washington.* A specific enumeration of accompanying new regulations made contingent on the acceptance of federal money should be included in all contracts.
- *The process by which businesses be notified of the new regulations.*
- *Duplication of private-sector services.* Businesses and/or non-tax funded nonprofits are put at a disadvantage when government is proving the same service since government has a guaranteed source of revenue. Taxpayers have a right to know, therefore, whether a federal grant will fund a service that competes against private-sector organizations.

Only by codifying a process by which S.C. policymakers would be required to explain and document the losses of sovereignty and freedom involved in taking federal dollars will it be possible to turn the money down.

How Will We Accomplish It?

To accomplish this reform, lawmakers must be required to follow the [state budget law](#). That [law](#) – long ignored by lawmakers – requires House and Senate appropriations committees to meet in joint open sessions to discuss the initial budget document submitted by the governor. Such an open process would provide a venue in which citizens could see exactly what federal monies their elected officials are proposing to take in exchange for changes in policy. With the absence of federal coercion as a possibility, S.C. can then begin to tear down the barriers crippling the state's health care market. Unfortunately, that cannot happen until state lawmakers begin actually to turn down federal dollars.

Among the ways to remove barriers to the free market are these:

- The state's licensing requirements prevent many smaller insurance companies from offering coverage in the state. These licensing requirements should be dropped. More out-of-state insurance providers will create more of a competitive environment and bring down costs.
- S.C. law maintains 30 different insurance mandates. These mandates make it practically impossible for many smaller companies to compete in the insurance market, and the consequence is a "market" dominated by a handful of large providers, driving prices up. All 30 mandates should be abolished.
- The Certificate of Need program should be dropped. This is a regulatory process in which various types of health care facilities must prove to the government that there is a need for their services in a given area before building a new facility or expanding an existing one. There is no evidence that CON programs are needed, and some evidence that they distort the market and keep costs artificially high.

It's only by identifying and removing state-created barriers to a free market health care system – concomitantly with removing the federal mandates that keep us from enacting these changes – that we can regain the ability to create an accessible and high-quality market for medical care. For the full version of this report and to read about other free market reforms, visit scpolycouncil.org.