THE WALL STREET JOURNAL

Romneycare's Fine Print

May 5, 2006; Page A16

By Betsy McCaughey

Republicans and Democrats are hailing Massachusetts's new universal health coverage law as a model for what other states should do. Before you conclude that your state should enact a similar law, you might want to know how it would affect you. A careful reading of the Massachusetts law turns up surprises.

Everyone should have access to health care. Massachusetts aims to achieve this goal with a double mandate: All residents must have health coverage (Section 12) and all employers with more than 10 workers must assume ultimate financial responsibility if employees or their immediate family members need expensive medical care and can't pay for it (Sections 32, 44).

What is the impact on individuals? The state will offer subsidies to help low income residents pay for coverage (Section 19), but most of the uninsured earn too much to be eligible. An individual making $29,000 or more would probably have to pay the full cost or find a job that provides health insurance. Individual coverage costs about $3,600 in Massachusetts -- a hefty bill. Moreover, under the new law, individuals purchasing their own insurance *must* buy HMO policies. Preferred provider plans (PPOs) -- which give you more ability to choose your own doctors and treatments -- are not allowed (Section 65).

The impact of this law on employers is substantial. The original bill required employers with more than 10 full-time workers to provide all of them (and their families) with health insurance or to opt out of that requirement by paying a $295 annual tax per worker into a state fund. This modest penalty was highly publicized by the bill's supporters as proof that the bill would not be a heavy burden on businesses. Nevertheless, Gov. Romney vetoed it, perhaps to display his Republican credentials as a tax-cutter.

The Massachusetts House of Representatives overrode the veto -- but the reality is that the $295 penalty is small potatoes compared with the other obligations in the law. Say, for example, you open a restaurant and don't provide health coverage. If the chef's spouse or child is rushed to the hospital and can't pay because they don't have insurance, you -- the employer -- are responsible for up to 100% of the cost of that medical care. There is no cap on your obligation. Once the costs reach $50,000, the state will start billing you and fine you $5,000 a week for every week you are late in filling out the paperwork on your uncovered employees (Section 44). These provisions are onerous enough to motivate the owners of small businesses to limit their full-time workforce to 10 people, or even to lay employees off.

What else is surprising about this new law? Union shops are exempt (Section 32).

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It's one thing to criticize. There are alternatives to make health insurance more affordable. State legislators have pushed up prices by requiring policies to cover chiropractics, acupuncture and other services that are worthwhile -- if you can afford them. But mandating them is like passing a law that the only car you can buy is a Lexus, when all you can afford is a Ford Focus. People should be allowed to buy basic, high deductible insurance without costly extras. The new Massachusetts law allows only people under age 27 to buy such policies (Section 90). Lawmakers could also devise incentives for hospitals to prevent the needless costs (and deaths) resulting from hospital infections. These infections are adding $30.5 billion to the nation's hospital costs, according to a new report. They are almost all preventable through better hygiene, and doing so will make hospitals more profitable and reduce health costs. Let's hope other states consider these alternatives, rather than duplicating the new Massachusetts law.

Ms. McCaughey, a former lieutenant governor of New York, is chairman of the Committee to Reduce Infection Deaths.