REVIEW & OUTLOOK

RomneyCare Revisited

What Massachusetts voters knew about health reform.

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Liberals are now trying to sell the fantasy, and maybe even convince themselves, that ObamaCare isn't among the reasons Senator-elect Scott Brown is headed to Washington. One of the only Massachusetts exit polls doesn't corroborate the story: Rasmussen reports that 51% of voters on Tuesday were opposed and 47% in favor—41% "strongly opposed" and just 25% "strongly in favor." Health care was the decisive factor for 56%.

Perhaps that's because Bay State residents know something the rest of the country doesn't. In 2006, then GOP Governor Mitt Romney brought about a universal insurance plan that bears an uncanny resemblance to ObamaCare—and a meticulous new study confirms that the result has been high costs in return for minimal benefits.

Associated Press

Using the Census Bureau's current population survey, University of Kentucky economist Aaron Yelowitz and Michael Cannon of the Cato Institute studied RomneyCare between 2005 and 2008—that is, two years on either side of its passage. The share of uninsured residents did fall to 5.4% in 2008 from 9.8% in 2005 (though the authors argue this reduction is overstated).

But Messrs. Yelowitz and Cannon show that most of the new coverage was concentrated among people earning under 300% of the federal poverty level, or about $66,000 for a family of four. Those happen to be the same people who qualify for subsidies in the heavily regulated insurance "connector," the prototype for the "exchanges" that Democrats were contemplating before Mr. Brown so rudely interrupted.

Coverage for adults in this group increased by 14.2 percentage points—which merely proves that "universal" coverage isn't much of a problem if health care is cheap for consumers. But another way of thinking about it is that the subsidies amount to a taxpayer-funded insurance discount. The same increase in coverage might be achievable if health care were less expensive. But rather than deregulate and reform the private market to lower costs, Mr. Romney and Democrats defaulted to the same public transfer payments that define ObamaCare.

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The program's costs have since exploded and compounded the Bay State's budget burdens, even though the feds pay a large share of RomneyCare's costs via Medicaid. One reason for this spending boom, say Messrs. Yelowitz and Cannon, is that subsidized coverage has tended to crowd out private insurance: Among adults eligible for subsidies, unsubsidized coverage fell by 6.2 percentage points even as overall coverage increased statewide and in neighboring New England. The authors also point out that the true costs are, conservatively, 57% higher than what the government spends if unfunded private sector mandates are included—or about $1 billion total in 2008.

Scott Brow n and Mitt Romney *Associated Press*

Meanwhile, although Mr. Romney promised that his plan would lower costs, the liberal Commonwealth Fund reports that Massachusetts insurance costs have climbed anywhere from 21% to 46% faster than the U.S. average since 2005. Employer-sponsored premiums are now the highest in the nation.

In other words, Massachusetts voters knew what they were doing when they ratified Mr. Brown's request to make him the 41st Senate vote against the national version of RomneyCare.

Democrats are now bemoaning their new powerlessness to ram ObamaCare through Congress with a partisan majority, but they're the ones who were on the verge of imposing social legislation so controversial and complex that it could only pass by one vote in the first place. Now the country has a second chance to learn from Massachusetts's 2006 mistake—and this time, let us hope, not by imitation.