

JAMA Forum — The First Debate: Adjudicating Health Care

BY [DAVID CUTLER, PHD](#) on [OCTOBER 4, 2012](#)

By **David Cutler, PhD**

The first debate between Barack Obama and Mitt Romney is now a matter of record. Most pundits appear to have concluded that Romney won on



style; I have little basis to judge that. But I *can* judge the health care policy statements, and based on those, I reached the opposite conclusion of the pundits. Romney made a variety of bold statements related to health care, but they don't stand up to scrutiny.

The Affordable Care Act

Mitt Romney was on the offensive for the health care portion of the debate, as he was in general. He was first asked by the debate moderator, Jim Lehrer, to critique the Affordable Care Act (aka the ACA or Obamacare) and was happy to oblige. Romney's most common complaint was that the ACA takes \$716 billion out of Medicare over the next decade. This is indeed correct. Obama did not explain well what these savings involve, so let's do some analysis.

This chart, [adapted from the Washington Post](#), shows the source of the \$716 billion. The savings are in roughly 3 groups: reduced payments to private Medicare Advantage plans, reductions in payments to hospitals for care of Medicare patients, and a variety of smaller changes such as reduced payments to Disproportionate Share Hospitals (additional payments to help hospitals that serve a disproportionate number of low-income patients) and to home health providers.

Ignore the grab bag and go to the 2 major parts. [Studies are clear](#) that Medicare Advantage plans are paid more than the cost of the care provided to the beneficiaries they enroll. Is that subsidy wise to keep in place? [During the debate](#), Mitt Romney suggested a helpful yardstick for judging the worth of a program that

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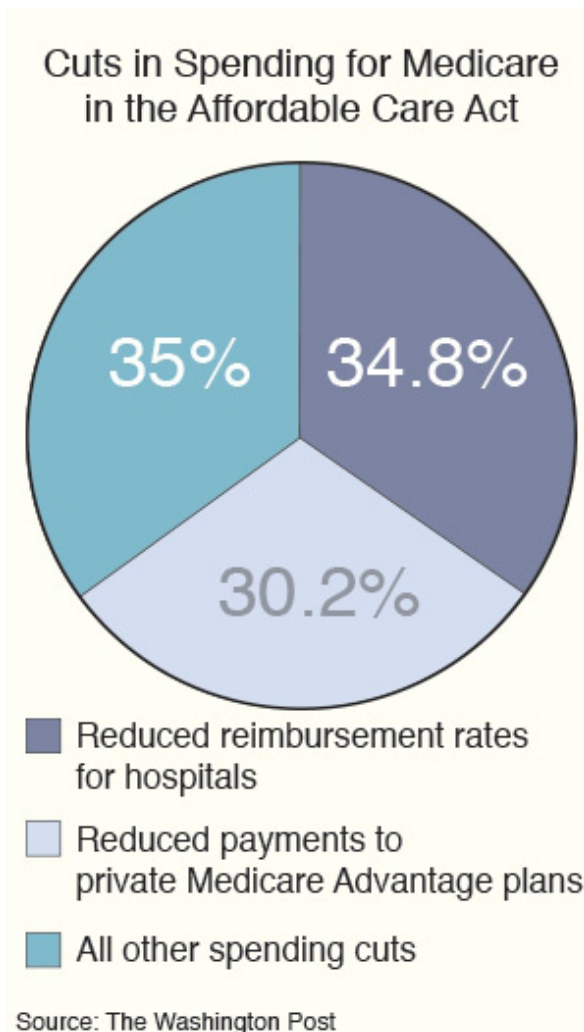
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receives federal funding: “is the program so critical it’s worth borrowing money from China to pay for it?” Romney said PBS and Big Bird did not pass this test; do subsidies to private insurance plans? I find it hard to see how anyone would think they do, and Romney offered no explanation why he opposes this ACA strategy to lower costs.

One could legitimately have the view that reducing payment updates to hospitals for providing care to Medicare patients is sufficiently onerous that it is worth borrowing from China to avoid them. I don’t share that view, but many do. However, I find it hard to square this assessment with 2 other facts. First, hospitals will benefit from universal coverage by roughly the same dollar amount that the Medicare program will pay less. So, on net, Romney is not promising hospitals any more money. Second, Romney supports the [Republican budget](#) that cuts \$770 billion from Medicaid without any offsetting increases elsewhere. I would have liked President Obama or Jim Lehrer to ask him why larger spending cuts on a program that is in a rougher financial condition are okay when the Medicare spending cuts are not. Romney made vague suggestions that state governments would be able to make the program 30% more efficient without causing access problems. But this was side-by-side with his argument that government is always less efficient than the private sector (who would deal with the reduced Medicare payments), so I was not persuaded.

Romney also decried (referring to the Independent Payment Advisory Board) the “board of 15 people telling us what kinds of treatments we should have.”



Spending cuts to Medicare in the Affordable Care Act come from reduced payments to private Medicare Advantage plans, reductions in payments to hospitals for care of Medicare patients, and a variety of smaller changes.

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Actually, he was wrong here, as [the law explicitly forbids this](#). Rather, the board is designed to take micromanaging of Medicare out of the political process and put it into the hands of physicians and other experts. If this were football, Romney would get a 15-yard penalty for unsportsmanlike conduct.

The Replacement for Obamacare

The issue then turned to what should replace Obamacare. Romney offered 2 specifics, in addition to noting his support for state-based policies. First, he argued that preexisting conditions should be covered. Second, he promised that “young people [would be] able to stay on their family plan,” since “that’s already offered in the private marketplace. You don’t have to have the government mandate that for that to occur.” His support for these provisions is not surprising, given how popular they are.

Unfortunately, Romney was evasive or incorrect on both of these policies. In the debate, he implied that coverage for preexisting conditions would apply to *all* preexisting conditions. However, his campaign website [specifically indicates](#) that this policy pertains to individuals with preexisting conditions *who maintain continuous coverage*. I suspect Romney was trying to mislead listeners to assume his campaign position would offer the same protections the ACA provided. As Romney ought to know, he cannot let all preexisting conditions be covered whenever a person wants to buy insurance because it would encourage too many people to wait to buy coverage only when they need it. I was confused by what he was proposing, and I suspect the confusion was intentional.

Similarly, Romney is wrong on the economics of the ACA’s provision that young adults can remain on their parents’ insurance policy. No insurer offered this policy before the ACA because any insurer that did would attract parents with sick children, who would drive up costs immensely. The only way the policy works is if all insurers offer it together. Again, I had the feeling that I was being intentionally misled.

Romney did not argue that his health plan would cover people, and the President did not push him on it. It would have been illuminating to hear an explicit discussion about this in the health care part of the debate or in the section on the obligations of government to its citizens.

The Best Part

One might expect the wonk community (of which I am a proud member) to be delighted by the emphasis on plans in the debate. Alas, I was not. Romney has (purposely) kept his plans vague enough that they can’t be modeled in full. So we were treated to Obama outlining how experts interpret what Romney has said, and Romney replying that that does not constitute his plan. I understand the value of policy ambiguity, but there is something to be said for honesty too—especially when experts conclude that [one’s plan does not add up](#).

Given that we are unlikely to get more specifics, however, I wonder if future debates would be better off sticking to broad discussions of values. Romney

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was at his best when he described his desire to work with Democrats and his history of doing so in Massachusetts. Obama cited more success working with Republicans than he generally gets credit for. Given our likely reliance on divided government for some time, we might want to focus on the “how” of governing more than on the “what.”

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