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Opening Health-care Market Will Lower Costs

By Jay Webber

New Jersey Democrats recently unveiled the latest in a long line of big-ticket spending items: a universal health insurance mandate for New Jersey. The plan would require every New Jerseyan to buy a health insurance policy, and if one cannot afford a policy, the state would subsidize its cost. The initial annual price tag for this expansion of government is \$1.7 billion. Gov. Jon S. Corzine himself has acknowledged that taxpayers simply cannot afford the proposal.

And when was the last time we saw a government program come in under budget in New Jersey? Audits already have found wasteful spending, poor oversight and outright fraud in the state's existing health-care program.

Our state needs health-care reform to be sure, but there is a better alternative to that taxpayer-funded, bureaucracy-based proposal. My proposed legislation, the New Jersey Health-care Choice Act, would instantly lower the cost of health insurance in New Jersey, slash the number of uninsured and require no government subsidy.

That reform is not another massive government program — New Jersey's politicians got us in the health insurance mess we're in. (We have 1.2 million residents without health insurance at any one time.) In fact, for our politicians' past attempts at health-care "reform," one commentator called New Jersey "the 'poster child' for how to destroy a health insurance market."

How did the state fail so spectacularly? New Jersey law permits individuals to purchase only high-end health insurance policies subject to our state's cumbersome and expensive regulatory requirements, which are arguably the most burdensome in the nation. Micromanaging lawmakers have locked us into a Hobson's choice of purchasing expensive, gold-plated, one-size-fits-all health coverage, or living with no coverage at all.

The government's hyper-regulation of the health insurance market results in our paying as much as three times more for coverage than our neighbors in states such as Pennsylvania. The higher costs our regulatory scheme places on New Jerseyans are striking. For example, a single female, 29, living in Montville will pay \$2,040 annually for a bare-bones health policy. Across the Delaware River in nearby Lansdale, Pa., the same individual would pay \$810 for basic health coverage. A family of four living in Parsippany would pay \$7,835 annually for low-end coverage; the same family would pay \$3,172 in Blue Bell, Pa.

My act would permit New Jerseyans to access lower prices available in other states by doing something very simple: buy health insurance from insurers approved to sell insurance in other

states. Individuals, families and small employers would have the right to cross state lines and look for health insurance policies anywhere in the country. They then could purchase the policies that best suit their needs and budgets. Nothing would force New Jerseyans into buying insurance outside New Jersey — any consumer still would be free to purchase high-end New Jersey policies.

But many will not continue to shop only in the Garden State. Policies in our neighboring states are not inferior to those sold here; they are just less encumbered by government regulation. Those policies therefore span a much greater range of affordability. Think of it this way: while New Jersey requires everyone who has health coverage to own "Cadillac" policies, other states permit their residents to buy "Honda," "Chevy," or "Cadillac" policies. That increased accessibility encourages more of the uninsured to buy health insurance, greatly reducing the problem of the uninsured — without costing taxpayers a dime.

Health-care choice would be especially helpful for those lacking health insurance because they are out of work temporarily. (An estimated 45 percent of our uninsured lack insurance for six months or less, most because they are between jobs.) Opening our market to out-of-state insurers will lower the cost of health coverage for those families by as much as 60 percent or more and allow them to maintain health coverage during a tough time without government assistance. Costs also will plummet for small employers, who often would provide health coverage for their employees, but cannot afford it.

Liberating state health insurance markets is a developing trend across the country. Legislators in Maine, Wisconsin, Georgia, Colorado and California are in various stages of crafting proposals to permit their citizens to go out of state to buy insurance. A bill pending in the U.S. House would accomplish this for everyone in the country.

We live in a state that likes to consider itself "progressive" and "cutting edge." If we are as ahead of the curve as we believe ourselves to be, then let's be the first to open our health insurance market to genuine competition from outside the state. By loosening New Jersey government's iron-fisted grip on our citizens' health insurance choices, we can make progress on an important social goal and save taxpayers from a mammoth and counterproductive health insurance mandate we cannot afford.

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