

# Living Within Limits: Making Moral Choices

May, 2006

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# Thinking About Efficiency

Better value for money requires us to define “value”

- Value is primarily subjective
- Markets today do not reflect private value
  - Tax treatment
  - Locus of control
- Social goals can be valid in private coverage, not just public programs.

# Why Limit Health Spending?

- Should we care if Americans spend a lot on health care?
- The context for limits in public programs
  - The concept of a “right” to health benefits
  - Are some promises more important than others?
  - The balance of risks for payers and beneficiaries
  - The budget process v. social goals
  - Social insurance in an age of limits

# Reconciling Values and Limits

- Tax reform
  - To link subsidies to social goals
  - To de-link subsidies from private goals
- Budget process changes to force moral choices
  - Make future obligations explicit
  - Replace traditional entitlements with budgets and “triggers”

# Reconciling: continued

- Reflecting national and state goals and values in low-income programs
- Rethinking the social insurance contract
  - Reordering promises to the poor and the elderly
  - Retirement insurance rather than retirement benefits
  - The obligation to plan for retirement
  - Reconciling consumer markets and benefit design