Written by **Kurt Williamsen** on March 20, 2017
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ObamaCare Unraveled

A great healthcare debate is happening in America over whether the healthcare system should be improved via tweaking ObamaCare — a methodology that the new GOP-designed healthcare plan, dubbed the American Health Care Act, seems to be following — or whether an entirely new system should be created. This is one of a series of five articles about how the healthcare system could be changed. The first article, "Healthcare: Which Fix Should We Follow?", explains the goals that a healthcare system should shoot to achieve and lists the four main types of reforms available to the country. The other four articles, including this one, give background and facts about each type of reform and how many goals it would secure. The other articles are entitled "Government-run Healthcare," "Does Single-payer Signal a Solution?" and "Free Market Healthcare Reform."

When ObamaCare was being debated, President Obama not only made a promise that, under ObamaCare, if you liked your doctor, you could keep him, but also that he would sign a "universal health care bill into law by the end of [his] first term as president that will cover every American and cut the cost of a typical family's premium by up to $2,500 a year."

In that one short phrase, President Obama implied that under his plan, healthcare would be, because it was universal and cheap, accessible to everyone so that portability and serious illness were not issues, and it would at least continue the standard of care we were used to, through the ability to keep our doctors.

Of course, none of those promises ended up being even remotely factual, and the falsity of those claims is why, by and large, Democrats, Republicans, and Independents have called for ObamaCare's replacement.

Promises and Pain

Though Obama stated dozens of times that Americans could keep their health plans if they liked them, the Affordable Care Act was written so that only if an insurance plan met certain rules could a company continue offering it via the government, and many plans didn't agree with the administration's commandments, and so the plans were cancelled — whether consumers liked them or not. This was so egregious a lie that it earned left-leaning Politifact's "Lie of the Year" in 2013. And ObamaCare doesn't nearly cover everyone, as was made clear in June 2016 by the National Center for Policy Analysis:

About 70 percent of residents, age 18 to through 64, had "health insurance" in 2015, which is the same rate as persisted until 2006. Obamacare has not achieved a breakthrough in coverage. It has just restored us to where we were less than a decade ago.

What has also happened is a significant change from private coverage to government welfare (primarily Medicaid). The shift has been about five percentage points since 2006, and ten percentage points since 1997. (That is, there was no net change in coverage before the Great Recession, but there was crowding out of private coverage in favor of welfare.)

[And] categorizing people on welfare programs like Medicaid as having insurance is inaccurate, for the same reason categorizing people receiving cash welfare with employed people into one category of people "earning incomes" would be inaccurate.

Too, we musn't forget that the number of uninsured dropped between 2010, when it was 15.5 percent, and 2013 (the year before ObamaCare), when it was down to 14.5 percent — a result of the economy creeping out from the recession — and that in 2014 the Census Bureau changed the way it calculated the uninsured rate to show fewer uninsureds. And according to the Centers for Medicare and Medicaid, though in 2015 11.69 million Americans had selected an ObamaCare plan, at the end of the year, only 8.78 million were still paying for their premiums. That is out of roughly 47 million uninsured in this country, and most of those who bought ObamaCare already had private health insurance prior to the new law, and ObamaCare forced them from their plans.

As to the cost of healthcare premiums, though ObamaCare proponents claim that insurance buyers are getting great bang for their buck, *no one* is saying that premiums went down by $2,500 per year. In truth, there is lots of quibbling over how much healthcare costs have risen, but that's because people are not comparing apples to apples. The political Left claims that healthcare premiums have gone up more slowly than if ObamaCare had not passed, and the Right claims that premiums have gone up dramatically faster.

Much of the recent newsprint by the Left, such as the Health Affairs Blog article "Obamacare Premiums Are Lower Than You Think," compares Congressional Budget Office cost projections for health insurance premiums from before ObamaCare passed — based on 2009 projections — to costs now and finds they are lower by as much as 20 percent on average, but such analyses are more than a little suspect. When year 2013 individual premiums (actual rates in effect the year before ObamaCare's major provisions were put in motion) are compared to rates the next year, we see a different picture.

As one commenter in the aforementioned Health Affairs Blog article, Chris Jacobs, noted:

A paper published by Brookings non-resident fellow Amanda Kowalski in the Fall 2014 issue of Brookings Papers on Economic Activity concluded that "Across all states, from before the reform to the first half of 2014, enrollment-weighted premiums in the individual health insurance market increased by 24.4 percent beyond what they would have had they simply followed state-level seasonally adjusted trends." This conclusion, as part of a paper studying the broader welfare effects of PPACA, utilized actual National Association of Insurance Commissioners data for 2013 and 2014 — unlike the post above, which compared 2009 data (extrapolated to 2013) with 2014 premiums. (Also unlike the blog post above, Dr. Kowalski's paper was peer-reviewed by colleagues prior to publication.)

Jacobs also noted that multiple peer-reviewed studies found the same thing.

In an April 21, 2015 article entitled "Shreds of Doubt About Obamacare," healthcare expert Sally Pipes of the Pacific Institute verified the claim:

Mr. Obama has bragged that his health care law has cut individual health care costs drastically. "Most people," he said, "have options that cost less than 100 bucks a month."

Yet premiums have skyrocketed under Obamacare. A recent report from HealthPocket — an online insurance marketplace — revealed that 23-year-old men who have not chosen to stay on their parents' plans have seen their premiums increase by as much as 78 percent under the law. Premiums for 63-year-old men increased 23 percent.

Women suffered a similar fate. Twenty-three-year-olds experienced premium spikes of 45 percent. Those 63 years of age watched theirs jump 38 percent.

Even premiums for those who receive subsidies have jumped — by 23 percent in the last year. That's after taking those subsidies into account.

And the post-ObamaCare health-premium numbers ignore the fact that insurance companies originally set rates low because they expected the government to offset any losses. (The companies have sued to be reimbursed as they expected, and the government has said no, though Obama personally pushed to pay up.)

We are now seeing large insurance premium increases for 2017 and fewer insurers in the ObamaCare market because insurance companies have been largely losing money hand over fist, meaning most insurance purchasers are finding little to no choice of healthcare providers. In 2016, the Kaiser Family Foundation estimated that customers in 1,000 counties in 2017 would only have one insurance company to pick from under ObamaCare — that's more than 2.3 million people, up from 300,000 in 225 counties in 2016. This was affirmed by U.S. Department of Health and Human Services in October 2016.

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AP Images

For the true believers: For those Americans who wish to retain ObamaCare, former senator Phil Gramm suggests allowing people to keep ObamaCare, except that they would have to pay premiums high enough to keep it solvent. Soon they would beg to flee the plan.

In a book review entitled "10 Awful Effects of Obamacare," written by Ben Weingarten for Encounter Books about Sally Pipes' book *The Way Out of Obamacare*, Weingarten summarized other problematic results that Pipes noted about ObamaCare's invasion into the healthcare market, some of which are highlighted with bullet points hereafter:

• "Avalere Health, a consultancy, found that exchange-plan networks included 34 percent fewer provider options than their nonexchange counterparts. Exchange customers have 42 percent fewer choices for oncology and heart specialists than the average person covered by a commercial plan." And "according to a study from the Robert Wood Johnson Foundation, 41 percent of exchange plans include less than one-quarter of nearby physicians in their networks. Many cover less than 10 percent of an area's doctors."

And of the original 23 healthcare co-ops that were supposed to serve as efficient, patient-friendly state- or federal-run health insurers, Pipes reported in July 2016, only seven were still open, and they all lost money in 2015 and could still close soon. (As of the beginning of 2017, we are down to five still functioning.) Of course, the main reason these co-ops closed is because the government forbade them "from pricing coverage based on risk."

Likewise, healthcare deductibles have jumped.

• "In 2006, prior to Obamacare, the average individual plan deductible was $584, according to the Kaiser Family Foundation (KFF). By 2015, post-ACA, it had more than doubled — to $1,318."
And as stated by Luke Hilgemann, CEO of Americans for Prosperity, in *Forbes* in December 2015 in an article entitled "Obamacare Premiums Are on the Rise but Don't Blame Insurers,"

As for the subsidies, they'll do nothing to cover the average deductibles of $2,927 and $6,010 for individual and family *silver plans* obtained through the exchanges. According to a March 2015 study from the Kaiser Family Foundation, less than one-fifth of low-income families can afford such high deductibles, while just over half of middle-class families can afford them.

And for 2017, deductibles are jumping up once again. According to eHealth, an online health-insurance marketplace, the average individual health-insurance deductible across all ObamaCare plans is $4,328.

Busting Businesses

Add to that that business costs have risen greatly because of ObamaCare — causing lots of layoffs and reduced work hours — and the best way to describe ObamaCare is disastrous.

• "[The] employer mandate, in combination with the rapid growth in insurance premiums, is placing enormous financial strain on companies. Some firms are trying to avoid the mandate by making full-time employees part-timers. *Investor's Business Daily* has tallied more than 450 private companies and government agencies that have cut hours. More than 200 colleges have done the same."

The company Staples, which has 85,000 employees, is limiting part-timers to 25 hours per week. In 2014, more than two million people were working two part-time jobs — a record high since government began keeping track in 1994.

• "All told, Obamacare is expected to cost large companies $151 billion to $186 billion through 2023, according to the American Health Policy Institute."

• "According to an analysis by former Congressional Budget Office Director Douglas Holtz-Eakin, workers at businesses with 50 to 99 employees are seeing annual wages drop by an average of $935 a year, thanks to the ACA. Yearly wages for those employed at companies with 20 to 49 workers are falling by more than $827, on average."

• "In 2014, the Congressional Budget Office (CBO) estimated that the ACA would cause 2 million job losses in 2017. By 2024, the CBO projected that the number would reach 2.5 million."

• "Seven in 10 small businesses report that Obamacare has made it harder for them to hire. Forty-one percent told Gallup they'd postponed hiring in response to the Affordable Care Act."

So, in essence, ObamaCare's main effects were to allow more people to go on the public dole for healthcare, rather than buy insurance. It didn't cover the millions of uninsured Americans it was supposedly meant to cover, and of those it did cover, most couldn't afford the deductible so they couldn't really use their plans, while adding many billions in yearly costs, building layers of complexity into the provision of healthcare, and causing dramatic unemployment for mainly uneducated and young Americans — not a stellar track record.

It is widely acknowledged that ObamaCare is now in a "death spiral." Because, according to the Obama administration, for ObamaCare to function it needs 38 percent of young, healthy Americans to sign up for ObamaCare to help offset the costs of the additional sick people who are signing up for ObamaCare and the healthy ones are not signing up in enough numbers, insurers are losing money on the program, causing premiums to rise and more healthy insureds to drop out of the system. As costs and consumer dissatisfaction increase, more of the healthy will pull out and the system will spiral down to its death.

As an option to save America's healthcare system and government budget, ObamaCare is a non-starter because it is not only not meeting the criteria of an ideal health system, it is greatly adding to costs, it is failing to provide additional coverage, it is reducing doctor choice (meaning likely reducing quality, as well), and it is bankrupting the country even further. In the next article, we'll look at the healthcare alternative with the highest degree of government control over healthcare: the VA model of care, wherein the government pays for and provides for all of our healthcare needs.