



Written by [William P. Hoar](#) on May 23, 2016

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## Correction, Please!

### Subsidizing Healthcare Hurts, Drives Up Costs

**Item:** *The White House gushes over what is widely called ObamaCare on its website, saying: “Until President Obama fought for and signed the Affordable Care Act, for decades, millions of Americans lacked the security of health care coverage they deserve.”*



*Thanks to ObamaCare, says the White House, “millions of Americans who already had health insurance now have better coverage because women can no longer be charged higher premiums than men for the same plan, people with pre-existing conditions can no longer be denied coverage, and young adults won’t age off their parents’ policy when they turn age 19 or graduate from college.”*

**Item:** *The New York Times for April 17, 2016, in an article headlined, “Immigrants, the Poor and Minorities Gain Sharply Under Affordable Care Act,” enthusiastically reports: “The first full year of the Affordable Care Act brought historic increases in coverage for low-wage workers and others who have long been left out of the health care system, a New York Times analysis has found. Immigrants of all backgrounds — including more than a million legal residents who are not citizens — had the sharpest rise in coverage rates.”*

**Item:** *In an online article in “HealthDay” for CBS News, dated April 20, 2016, Karen Pallarito reports: “State Medicaid expansions under Obamacare have improved low-income Americans’ insurance coverage, increased their doctor visits and enhanced detection of chronic health conditions, which could lead to improvements in health, a new study suggests.”*

**Item:** *Democrat presidential candidate Hillary Clinton praised ObamaCare during a debate on March 6, 2016, in Flint, Michigan (as transcribed by the Federal News Service), saying that “thanks to President Obama and the Affordable Care Act, we have 90 percent coverage. We are lacking 10 percent. We are going to stay on that [path] and get to 100 percent universal coverage.”*

**Correction:** Gracious, according to these claims, ObamaCare seems to be a remedy for virtually everything that ails us, and it even has plenty of money left over to heal a million or so non-American citizens. All this breathtaking law needs to make it a panacea is for Hillary Clinton to add just a wee bit more of her magic potion of the same government-supplied therapy, and the cure-all will be complete.

Those claims are so much lipstick on a pig. This beast has driven up premiums, deductibles, taxes, subsidies, and regulations, as well as reducing choices and competition.

The rosy estimates of all its projected enrollees have not panned out. The Congressional Budget Office predicted that by now there would be 21 million people in the new “Marketplaces” created by Obama-Care. Not by a long shot. The actual total is about nine or 10 million short of that. And the nation’s largest insurer, UnitedHealth Group, has just decided to pull out from ObamaCare almost entirely because of the huge losses incurred by its participation. Other big providers are considering doing the



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same.

As *Investor's Business Daily* (IBD) put it on April 13, of the 23 nonprofit co-ops that ObamaCare created "as a means of providing price competition to commercial insurers, just 11 remain. And of those, eight aren't likely to make it to next year."

A week later, *IBD* reflected on the latest related news, and summarized on three aspects: "ObamaCare rates will skyrocket next year, according to its former chief. Enrollment is tumbling this year. And a big insurer is quitting most exchanges. That's what we learned in just the past few days." The paper went on:

Marilyn Tavenner, CEO of America's Health Insurance Plans, revealed that she expects ObamaCare premium hikes "to be higher than we saw previous years," including last year, which saw double-digit rate increases across the country.

Tavenner, for those who don't know, was head of the Centers for Medicare and Medicaid Services until early 2015, which means she helped bring ObamaCare to life. In November 2014, she was boasting how "the Affordable Care Act is working to improve competition and choice among marketplace plans."

She knows better now. Tavenner, as *IBD* said, currently admits "that people are gaming ObamaCare just like critics said they would: buying coverage after they get sick — since insurance companies can no longer turn them down or charge them more — then dropping it when they're done with treatments. "That churn increases premiums. So you have to kind of price over that."

The future for healthcare coverage nationwide, short of repeal of the ACA, is not encouraging. And it will be more expensive. Indeed, the Centers for Medicare and Medicaid Services (CMS), which is a part of the Department of Health and Human Services, is fully aware of that. Over a decade, as estimated by the CMS Office of the Actuary, the country's health spending will jump by \$311 billion or so more than it would have if ObamaCare had not been enacted.

Meanwhile, who can count the number of shattered vows by advocates about the benefits that we would supposedly realize by passing this national healthcare legislation? Some of them have been summarized by Jean Morrow. She is drawing here from a recent valuable "Backgrounder" by Robert Moffit of the Heritage Foundation ("Year Six of the Affordable Care Act: Obamacare's Mounting Problems."). Consider just the costs. As Morrow has written in the *Daily Signal*:

Contrary to repeated administration promises, Obamacare has not only failed to lower costs, but has also imposed additional expenses on millions of already over-stretched individuals and families. [Obama insisted that passage would bring a reduction of \$2,500 per family for health costs. Every year.]

Premiums in the government created exchanges were an initially jolting experience for Americans who did not qualify for taxpayer subsidies, and it appears that in 2016 premium increases in the government's health insurance exchanges will again hit enrollees in the double digit range.

When it comes to average job-based premiums, the Congressional Budget Office (CBO) says that they, too, are climbing, and will rise almost 60 percent between now and 2025. Deductibles in the Affordable Care Act exchanges have also jumped higher than officials anticipated, discouraging the purchase of the Obamacare coverage among the poor and the young.

... In 2015, federal spending on major health programs (Medicaid, Medicare, and the Affordable Care Act) totaled \$936 billion, a 13 percent increase over the 2014 level and exceeding the huge Social



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Security outlays for the first time.

Today, based on CBO data, the net cost of Obamacare's coverage provisions — subtracting the taxes and penalties — will amount to over \$1.4 trillion over the next ten years.

When he was trying to convince Congress to buy into his scheme, Barack Obama said the reform “should not burden people who make \$250,000 a year or less.” That sounds quaint these days, doesn't it? Some believed it at the time.

The middle class was going to be helped, or so we were assured. But that was just a con. Yevgeniy Feyman, a fellow at the Manhattan Institute, has described what actually happened. The predictions and projections of the ACA exchanges fell short in part because “uninsured middle-income Americans have largely decided that — despite the availability of subsidies and the penalty for not purchasing insurance — the insurance on offer is too expensive.” At the end of the second enrollment period of the ACA, “only 49 percent (6.6 million out of 13.6 million) of eligible lower-middle-income individuals had enrolled; and just 9 percent (1.5 million of 15.8 million) of eligible upper-middle-income individuals had enrolled.”

It's hard to shed tears for the big insurers, who by and large were co-conspirators in their own undoing. Still, some presumably trusted what Washington offered. As a result, they face inherent problems. And the taxpaying consumers are paying for it.

As columnist Donald Lambro has pointed out, the insurers were given a “promise that Obama couldn't keep: A wave of younger, healthier workers would sign up for Obamacare, offsetting the costs of older Americans who are far more expensive to insure. But younger people have not signed up in the numbers that the industry expected, hurting their bottom line and forcing them to increase premiums or pull out altogether.”

A company's profits suffer when it is forced to cover those who are older and less healthy, while at the same time it is over-regulated by the government. That's what has happened. In fact, according to official statistics cited by the Heritage Foundation, the new federal regulations that were imposed by ObamaCare have increased premiums for the lowest-cost plans in the median state by 44 percent for 21-year-olds; the costs were upped by seven percent for 64-year-olds.

By December 2015, per Manhattan Institute's Feyman, the enrollment rate “for young (typically healthy) individuals, aged 18-34, had stagnated at 26 percent.” The Affordable Care Act has not only proved to be not affordable, but the exchanges that it has created have, to a large extent, become a pool of the sickest and those at highest risk, who are being subsidized by the public at large. That is not to say that such people shouldn't be treated, but that is not the program that was peddled.

Robert Moffit of the Heritage Foundation recalled that Barack Obama vowed that he would not sign any tax increase on the middle class. However, said Dr. Moffit,

The bulk of Obamacare's gaggle of taxes (more than \$832 billion over the next ten years) is passed onto middle-class individuals and families — either directly or indirectly.

This includes the taxes on insurance, drugs and medical devices, and even the 40-percent excise tax on “high value” health plans. The Congressional Budget Office (CBO) says that as many as 20 percent of all workers could be impacted by that excise tax in 2025. And even the new 3.8-percent Medicare payroll tax on “rich” persons making over \$200,000 a year, will, over time, reach 80 percent of all taxpayers, as



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the Medicare Trustees report.

This all did not happen by accident. The prevaricators on Capitol Hill and in the White House often got a needed boost by the willing handmaidens and men of the mass media. Consider left-wing economist Paul Krugman of the *New York Times*, a prominent promoter of placing the government in charge of our healthcare. He has even acknowledged part of the ploy.

As Krugman wrote in the *Times* on May 24, 2013, “The Affordable Care Act, aka Obamacare, is a policy Rube Goldberg device — instead of doing the simple, obvious thing, which would just be to insure everyone, it basically relies on a combination of regulations and subsidies to rope, coddle, and nudge us into a rough approximation of a single-payer system.” Keep in mind that he’s a fan — who is happy with ObamaCare as far as it goes and would be presumably beside himself with joy with an American National Health Service. (Krugman has said, for example, that he is “someone who favors single-payer — but it’s just not going to happen anytime soon.”)

Similarly, one of the key players responsible for getting the legislation sold in Washington has revealed that deception was necessary. “MIT health economist and ObamaCare architect Jonathan Gruber helpfully explained some years ago that he and his co-architects deliberately designed the law to hide its costs and make the benefits seem like a free lunch,” as explained by Michael Cannon, the Cato Institute’s director of health policy studies.

According to this key ObamaCare architect, in his own words, the AFA bill

was written in a tortured way to make sure [the Congressional Budget Office] did not score the mandate as taxes. If CBO scored the mandate as taxes, the bill dies. Okay? So it’s written to do that. In terms of risk-rated subsidies, if ... you made explicit that healthy people pay in and sick people get money, it would not have passed....

Lack of transparency is a huge political advantage. And basically — you know, call it the stupidity of the American voter, or whatever — but basically that was really, really critical to get anything to pass.

To be sure, after these remarks were later publicized, he did apologize about calling us all stupid.

However, that is what all too many Obamacrat progressive statists do think in their hearts. Some hardly hide their contempt.

In truth, the federal healthcare hucksters don’t lie all that well. Or is that too harsh? Maybe they aren’t actually liars. But they sure present the truth in such a way that no sentient person could recognize it.

8— William P. Hoar



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