New American

Written by William P. Hoar on September 19, 2016

Published in the September 19, 2016 issue of the New American magazine. Vol. 32, No. 18

Correction Please!

With ObamaCare Hemorrhaging, The Feds Offer Cure: More Bleeding

Item: *The disclosure in mid-August that "insurance giant Aetna will pull out of the Obamacare market next year in 11 of the 15 states it now serves poses a serious threat to the future of the program and raises anew the need for major reforms," reported the Fiscal Times.*

Writing in its August 17 issue, Eric Painin went on to say: "While President Obama's signature health care plan has weathered two major court challenges and scores of votes in the Republican-controlled Congress to dismantle it, an even larger challenge for advocates may be preventing Obamacare from simply collapsing of its own weight."

Meanwhile, a spokesman for the Obama administration "sought to downplay the significance of Aetna's planned withdrawal from Affordable Care Act exchanges that currently serve 10 million people. Kevin Counihan, the chief executive officer of the ObamaCare exchanges, said, "The health insurance marketplace will continue to bring quality coverage to millions of Americans next year and every year after that.'"

Item: *Left-wing economic commentator Paul Krugman, in his column for the New York Times for August 19 (entitled "Obamacare Hits a Bump"), put on a happy face, saying: "More than two and a half years have gone by since the Affordable Care Act, a.k.a. Obamacare, went fully into effect. Most of the news about health reform since then has been good, defying dire predictions of right-wing doomsayers."*

Yes, he acknowledged, "some real problems are cropping up." Still, Krugman maintained, it would be "easy to fix the system. It seems clear that subsidies for purchasing insurance, and in some cases for insurers themselves, should be somewhat bigger — an affordable proposition."

Then, he added, there is the "public option." Why not, asked the columnist, just "let the government step in (as Hillary Clinton is proposing)?"

Item: *Aetna's move to scale back participation in the ObamaCare "exchanges" has put "new pressure" on Democratic Presidential nominee Hillary Clinton, reported the Wall Street Journal on August 19. For example, "Liberals say the Aetna decision shows the need for a government-run option to compete with private insurance companies, or even for a single-payer, Medicare-for-all program, as Sen. Bernie Sanders proposed again this week."*

Item: *An editorial in the New York Times for August 16 insisted that ObamaCare "has survived many setbacks, and it will overcome Aetna's decision, too." The editors concluded: "Any law as complex and comprehensive as the Affordable Care Act is bound to have some hiccups. The only response to those problems is to improve the law."*

Correction: *If a doctor told a patient in a death spiral to rest easy because all he was experiencing was a case of hiccups, that would likely be grounds for a valid medical malpractice case.*

However, left-wing politicians and commentators must have a different immune system that protects them from the consequences of the policies. Remember when we were promised, either with crossed hearts or crossed fingers, that we'd be able to keep our plans and doctors? Yet, with the patient expiring right before their eyes, the cure that these snake-oil salesmen are still peddling is an even larger dose of big-government elixir.

Nonetheless, things really are not copacetic in the healthcare/health insurance world.

The setbacks are obvious to those who are not willingly blind. As Joe Antos, a former official with the Congressional Budget Office, has observed, the latest company withdrawal "reflects the failure" of ObamaCare. "Young, healthy people have stayed away from exchange coverage, resulting in substantial losses for insurers and sharply rising premiums for 2017. The ACA requires insurers to offer plans that young consumers do not want to buy at a price they do not want to pay. Moreover, the mandate requiring individuals to buy health insurance does not work. Unless major changes are made to the ACA, we can expect further drop-outs among insurers that will erode consumer choice and market competition."

As of the second week of August, after two more co-ops announced they were closing, only about a third of those ObamaCare entities were still in operation. The eight still remaining are on life support and considered likely to collapse this year. The co-ops were supposed to serve as an alternative to traditional insurers that were not direct publicly funded healthcare or single-payment healthcare.

How about the health exchanges? After all, the law is into its third year of implementation. Well, as was pointed out in *National Review*, despite the considerable time that has passed to get over the hiccups, only about 40 percent "of eligible consumers are buying Obamacare exchange plans, the increase in the insured population has been about 25 percent lower than the Congressional Budget Office predicted when the law passed, and the average cost of subsidizing people in the exchanges is almost 20 percent higher than CBO predicted just a year ago." The fact that the large insurance companies are continuing to pull out suggests

that the exchanges aren't stabilizing. When he was arguing for his health-care program, President Barack Obama promised that the new law would reduce premiums by an average of $2,500 per family per year. Something close to the opposite has happened, with insurance premiums continuing to rise, some by 8 to 10 percent a year, some much more dramatically. That isn't expected to slow down; it is expected to increase.

Meanwhile, the law that would more accurately be called the Unaffordable Care Act is driving up premiums, with insurers trying to survive the added requirements and constraints imposed by the measure. The "Rube Goldberg mechanisms" of ObamaCare are sending premiums "into the stratosphere," comments Andrew Ferguson in the *Weekly Standard*, offering examples:

Pennsylvanians are looking at a 41 percent increase for 2017. In Kentucky, Humana customers will see rates rise 31 percent next year. Blue Cross in Montana seeks a 62 percent increase. Even in Connecticut, deemed one of the great successes of the Affordable Care Act, consumers will likely see rate increases rise more than 20 percent.

Needless to say, this was not what the administration and the law's congressional sausage grinders led us to expect. As recently as last October, they were assuring the public that the cost of the average health insurance plan would rise only 7.5 percent this year.

Not to worry, however. The government maintains that these huge jumps shouldn't be considered a big deal. An economist for the Department of Health and Human Services (HHS) tried to convince the *New*

York Times that this situation is not a problem because "most" of those buying insurance on these exchanges receive government subsidies — as if money lifted from the pockets of taxpayers didn't count. The ballooning national debt, and the growing interest that we pay because of it, says otherwise.

As it happens, even that HHS claim is false. As Ferguson noted, "about 50 percent of the consumers getting Obamacare insurance receive no premium subsidies. These are the ones who will feel the direct impact of the increases, good and hard."

Nor should these developments be a surprise. These results were not only predictable but were forecast when the Democrats pushed the law through in the first place. "The problem isn't technical or temporary; it's intrinsic to how the law was written," noted Greg Ip in a piece for the Dow Jones Newswire. "By incentivizing insurers to misprice risk, the law has created an unstable dynamic. Total enrollment this year will be barely half the 22 million the Congressional Budget Office projected just three years ago. Premiums, meanwhile, are set to skyrocket, which will further hamper enrollment."

As Ip also noted, the "solution" offered by the Democrats is, essentially, to toss more subsidies at the situation. President Obama

has called for a "public option," a federal health plan to supplement private insurers. Hillary Clinton, the Democratic nominee for president, goes even further: She wants anyone over 55 to be able to opt into Medicare. Both would nudge the U.S. closer to a "single-payer" model like Canada's that liberal activists have long sought.

Yet this would require a lot more money and further erode market forces in health care.

When one statist scheme falters, the Left always has an answer: Institute a larger, more intrusive government program. Whether this is a premeditated and deliberate plan or not (and, in this regard, the suspension of disbelief might help your blood pressure), this outwardly inevitable tendency makes it convenient for the central planners.

Still, it is difficult not to be suspicious. Back in 2008, a writer for the *Washington Post* acknowledged that leftist statists had a "sneaky strategy" that involved "natural incentives" that would result in a "single-payer" system.

Nevada Senator Harry Reid, the longtime Democratic leader, has also admitted that ObamaCare is just a transition stage. He told public broadcasting in 2013 that "what we've done with ObamaCare is have a step in the right direction, but we're far from having something that's going to work forever." When the senator was asked if that meant a move to a single-payer system, Reid said, "Yes, yes. Absolutely, yes."

There's little doubt that Hillary Clinton will not be content until the federal government is running everything. As she boasted at one debate early this year, for example, she is "absolutely committed to universal health care." And, as she continued, with ObamaCare, "we finally have a path to universal health care."

If you think having a Veterans Administration-style of healthcare throughout the United States is a wondrous idea, you'll be delighted at that prospect.

Don't look for the "public option" to be a panacea. Rather, as David Harsanyi has explained, this is really just a "euphemism for a government-run insurance program that would be completely detached from the price of health care and, like every similar program, turn into a giant unfunded liability that never stops growing."

Both Barack Obama and his would-be Democrat successor pretend that the Affordable Care Act is "working" — at least by their very flexible definition. Yet, when it was instituted, millions of Americans lost their existing healthcare insurance coverage. Then when many were forced into plans not of their choosing, those totals were deceitfully added to the ledger of the supposed newly insured to make the weak statistics look better.

We really can't afford these triumphs. Another such victory, as Pyrrhus once put it, and we are lost. It is worth noting, columnist Harsanyi observed, that when

liberals celebrate Obamacare enrollment numbers or other successes, these fabricated "marketplaces" feature subsidized products sold to consumers who are compelled to participate or pay fines. Yet even then they hemorrhage companies and dollars and breed the kind of cronyism that Americans claim to hate.

Worse, untold numbers of Americans lost their jobs or their chances of being employed because of the federal government's ostensible assistance. As the *Wall Street Journal* reported in mid-August: "Many companies are cutting jobs in response to rising health care costs spurred by the Affordable Care Act, according to a new survey by the Federal Reserve Bank of New York. Roughly one-fifth of service sector and manufacturing company executives said they are reducing the number of workers in response to provisions in the healthcare law, according to the Empire State Manufacturing Survey and the Business Leaders Survey."

If the current situation is not the "death spiral" feared by policy wonks, it's a very close relative. This term is applied to a particular, not unsurprising, phenomenon — one that occurs when insurance premiums rise each year, often by large measures, thus forcing relatively healthy people out of the market. This in turn causes the premiums to rise again. Repeat. And so on. The crisis grows. Statists, true to their predilections, blame all of this on the private sector. At this point, "universal health care" or "single payment" or some other weasel words complete the transition to outright socialized medicine.

We are being forced down a primrose pathway where the only choice seemingly being offered is between ObamaCare and HillaryCare. How will that turn out? To see, just flip a coin. Heads, they win. Tails, we lose.

— William P. Hoar