



Written by [William P. Hoar](#) on August 7, 2017

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Correction, Please!

Medicaid, ObamaCare: What We Are Not Being Told

A sampling of news articles:

Item: *According to the New York Post for June 25, “Sen. Bernie Sanders on Sunday stood by his harsh rhetoric that the GOP health care bill would kill thousands of Americans because ‘it’s true.’*



“‘If you have cancer and your insurance is taken away from you, there is a likelihood you will die and certainly a likelihood that you will become much sicker than you are today,’ Sanders (I-Vt.) told NBC’s ‘Meet the Press.’ ‘That’s the fact. Unpleasant, but it’s true.’”

Item: *The New York Times for June 27, focusing on changes in Medicaid in the GOP’s Senate proposal, reported: “Republicans, under fire for proposing health care legislation that would reduce Medicaid funding by hundreds of billions of dollars, have embraced an old argument that taking money from a program is not a ‘cut.’ ... The Congressional Budget Office said on Monday that the ‘Better Care Reconciliation Act’ would reduce Medicaid spending by \$772 billion over a decade. By 2026, Medicaid enrollment would drop by 16 percent among people under the age of 65.”*

Item: *Here is other commentary from various sources: Massachusetts Senator Elizabeth Warren has maintained that Republicans are trying to get “juicy tax cuts for their rich buddies” with “blood money.” Dr. Steffie Woolhandler, the co-founder of Physicians for a National Health Program, speaking on a public radio show, cited a study that somehow extrapolated that passage of the Senate legislation in question would result in the deaths of 28,600 people annually.*

The leftist Center for American Progress put the number of resultant deaths over the decade at 217,000. Failed presidential candidate Hillary Clinton Tweeted: “If Republicans pass this bill, they’re the death party.” And former President Barack Obama assured one and all that the bill would “ruin Medicaid as we know it.”

Correction: Some folks are so inclined to exaggerate that they will hyperbolize about almost everything — except their own mistakes. ObamaCare falls into the latter category.

One need not be an advocate of the Republican bills being discussed in Washington these days to recognize the nature of hysterical opposition of the Democrats and their Leftmedia allies. Saying that is not an endorsement of the proposals being offered, which liberty-minded lawmakers have called “ObamaCare Lite” and “ObamaCare 2.0.” Indeed, the bills have plenty of shortcomings and don’t come close to repealing ObamaCare, as was widely and repeatedly promised.

Yet, the truth is that the Senate bill (as well as the House one) that generated the above-cited whoppers would just limit the expansion of Medicaid spending. This federal-state “entitlement” is an unsustainable program that has mushroomed from its tiny beginnings (under a billion dollars in 1965)



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to one that costs more than the Department of Defense. Medicaid has become the third-largest spending program in the federal government: Taxpayers are now paying 389 billion federal dollars each year, with the current projections placing that total beyond \$650 billion by 2027.

ObamaCare ballooned this program that was originally sold as helping the poor and indigent; it jacked up its numbers by making many more people eligible for Medicaid. Among these were members of a new class of recipients: millions of working-age, able-bodied adults without dependents, with incomes below 138 percent of the official “poverty level.” This included many previously covered by private insurance.

The Democrats, understandably, would prefer having attention distracted from the actual disaster that is ObamaCare — which caused at least nine million Americans (and probably more) to lose their healthcare choice. They would rather misrepresent what might happen if the current calamitous law and related Medicaid were changed.

But the quality of current Medicaid treatment is relevant. As a Heritage Foundation study has recounted:

Medicaid is a costly and unsustainable welfare entitlement program that delivers low-quality health care to many of its enrollees.... Medicaid patients frequently receive inferior medical treatment, are assigned to less-skilled surgeons, receive poorer post-operative instructions, and often suffer worse outcomes for identical procedures than similar patients both with and without health insurance.

That is why there is a Democratic handbook at play: Accentuate the imagined mote in the eye of the other party, while ignoring the beam in your own eye. And it works — when the mass media carries your water and message.

The headlines are going to the protesters against the GOP legislation that would alter ObamaCare. They are “falsely claiming the repeal will gut Medicaid, causing frail, indigent seniors to be evicted from nursing homes,” comments Betsy McCoughey, who chairs the Committee to Reduce Infection Deaths. This is, she says, “sheer demagoguery.” This is happening even as 380,000 nursing home residents are dying each year from infections, according to federal estimates. Nursing homes are often, as she notes, cauldrons of such infections. And the conditions there are, in her words, “routinely tolerated by our indifferent public officials. Indifference is the real culprit, not inadequate Medicaid money.”

Photo: AP Images

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Meanwhile, almost a third of doctors in this country do not accept Medicaid because the compensation set by government bureaucrats is way below market prices for the healthcare services. Statistics reveal that Medicaid pays doctors around 66 percent of the amount Medicare pays. And Medicare, another government program, pays doctors about 20 percent less than rates in the private market.

Despite common sense and history worldwide, the political doctor cited above (Steffie Woolhandler) is among those pushing for “Medicare for all,” meaning a more complete socialization of medicine. Many in her camp are not all that sad that ObamaCare is failing since they see a complete government takeover as the ultimate goal.

Keep in mind an aspect of the Congressional Budget Office analysis that is being underreported: about why millions would “lose” their coverage if the GOP bills passed — they would choose to do so.



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As noted in the study, the CBO and the Joint Committee on Taxation (JCT) “estimate that, in 2018, 15 million more people would be uninsured under this legislation than under current law — primarily because the penalty for not having insurance would be eliminated.”

Other CBO findings didn’t gain many headlines. Among these were the obvious recognition that ObamaCare reduced national economic growth and reduced the numbers in the American workforce. There were few front pages and features for those who did not get a job, or others who had their hours docked, because of ObamaCare. That did not make it less painful for those involved.

Casey Mulligan, an economics professor at the University of Chicago, has written about his research in this area, in partnership with the Mercatus Center at George Mason University; this included surveys with managers of small businesses. They and their potential employees have been affected because, as Mulligan puts it, “thanks to the [Affordable Care Act, or ObamaCare], hiring the 50th full-time employee effectively costs another \$70,000 a year on top of the normal salary and benefits.”

The upshot? The business owners

employing just fewer than 50 often said the ACA caused them to hire less and cut hours below the full-time threshold. The penalty caused payrolls to shrink or prevented them from growing.

Nationwide, we estimate the ACA-inspired practice of keeping payrolls below 50 has cost roughly 250,000 jobs. This does not count jobs lost when businesses close (we didn’t survey closed businesses) or shrink because of other ACA incentives.

Never mind, says the Left. Let’s talk some more about those “cuts” to Medicaid, say these opponents of any government reductions unless they are in the Defense Department. Michael Tanner of the Cato Institute was on target in his comments for National Review Online. As he said sardonically, after the GOP finishes

“cutting,” “slashing,” and “destroying” Medicaid, the program will still be growing at a rate of about 2 percent per year. In any place outside of Washington, D.C., that might be seen as an increase. And while the Republican plan would hold Medicaid enrollment roughly where it is today, at 70 million Americans, that’s still some 15 million more people on the program than there were in 2010.

True, Republicans would hold the rate of growth below the previous baseline and below expected rates of medical inflation. But since that baseline is unsustainable..., it’s hard to call that a cut in any meaningful sense.

Medicaid is supposed to be a partnership between the states and the federal government. The proposed Senate bill would return the percentages closer to what they were before ObamaCare. If the states want to spend more, that is their prerogative. As it is, the incentive is to lean more on the federal taxpayers.

Medicaid is huge and growing. When combined with the two other main “entitlements” Social Security and Medicare (which have even more political clout), they consume 58 percent of federal tax revenues; that percentage is on track to hit 80 percent by 2047. If the GOP, with both houses of Congress and the White House, can’t even slow the rate of growth of Medicaid, one has to wonder if entitlements can ever be controlled.

The editors of the *Wall Street Journal* do not seem optimistic. Medicaid, they noted on June 29, “has become the world’s single largest insurer by enrollment, covering more people than Medicare or the



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British National Health Service. Total spending grew 18% in 2015 and 17% in 2016 in the 29 states that expanded.” Dramatic growth of federal Medicaid spending is projected under current law and without reform. The *Journal* continues:

The Senate bill attempts to arrest this unsustainable surge.... The goal is to contain costs and give Governors the incentive and flexibility to manage their programs.

Meanwhile, four long years from now, the bill would start to phase-down the state payment formula for old and new Medicaid beneficiaries to equal rates. Governors ought to prioritize the most urgent needs.

This would be the largest entitlement reform ever while still protecting the most vulnerable.... This does not “cut” spending; it merely slows the rate of increase.

Would Hillary Clinton, Barack Obama, Bernie Sanders, and Elizabeth Warren fib to us? Let’s say that this writer wouldn’t believe them if they swore they were liars.

Let’s also say that there are better sources for facts. And the fact is that Medicaid will have to be reformed to start the nation back in the right economic direction.

And how about all those supposed bodies that would pile up all over the nation because the federal government didn’t accelerate quite as much on Medicaid spending?

The widely cited figures tossed around by the Center for American Progress and others for deaths that would purportedly be caused by replacing ObamaCare were extrapolated from a study of Massachusetts health reform a few years ago. Here’s some more from Charles Blahous, a senior research fellow for the Mercatus Center, a research fellow for the Hoover Institution, a public trustee for Social Security and Medicare, and a contributor to *Economics 21* (E21). Writes Blahous: “That study found that post-reform (2007-10) mortality rates in Massachusetts improved relative to pre-reform (2001-05) mortality rates more than was the case in other U.S. counties after controlling for demographic and economic conditions.”

Blahous, as noted in his piece for website *Economics 21*, says that the “study is credible, interesting, and suggestive, but does not offer any generalizable proofs of the effects of national health policy on longevity. To the contrary, the authors state that ‘Massachusetts results may not generalize to other states.’” In other words, the findings in Massachusetts aren’t likely applicable to ObamaCare. He goes on to note:

Indeed, a similar study of Oregon’s experience with Medicaid expansion “did not detect clinical improvements other than depression reduction.” In any case, the Massachusetts study only tells us what didn’t cause its longevity improvement; it cannot definitively explain what did.

Yes, it turns out that sometimes — many times in Washington, D.C. — truth hurts. That is apparently a health tip too. After all, you would also hurt if you were stretched so much.

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