



Written by [Bob Adelman](#) on June 22, 2015

CBO Issues Ambiguous Report on Impacts of Repealing ObamaCare

On Friday the Congressional Budget Office, the nonpartisan government agency that is tasked with predicting economic and budgetary impacts of various government programs, [issued its analysis](#) of what would happen if ObamaCare (the misnamed Affordable Care Act) were repealed. Its first questionable assumption was that it would be totally repealed effective January 1, 2016.



Its ambiguous, halting, and heavily discounted conclusions served as fodder for the statist media such as CNBC and NBC to warn of huge deficit increases if the socialized medical care program were repealed. NBC headlined a disaster ahead: "ObamaCare Repeal Would Raise Deficit, Cost People Insurance, Report Finds" while CNBC seconded the motion: "ACA Repeal Would Increase Deficit."

Representative Nancy Pelosi (D-Calif.) joined the chorus: "Today's CBO report is very clear. Any way you slice it, repealing the Affordable Care Act will add hundreds of billions of dollars to the deficit."

None of which is true, as she would have discovered if she had taken the time to read the report in its entirety, especially if she had noted the disclaimers included by the CBO that its conclusions were fraught with so many questionable assumptions that any one of them could change its conclusions substantially. In essence, the law is so complex and impacts so many areas of the economy that the CBO's conclusions can only be considered a wild guess as to what impact repeal of the highly unpopular law would have on deficits, costs, and coverage.

The headline that most liberal commentators focused on was that the federal budget deficit would increase (due to the reduction or elimination of many taxes built into the behemoth designed to help pay for it) by \$137 billion over the next 10 years. That's \$13.7 billion a year, a rounding error in a government budget of nearly \$4 trillion annually. Put another way, that budget is \$4,000 billion. The CBO deficit would be just .0035 percent. And that's only if all the assumptions hold true over the next decade.

The CBO said that without the ACA mandates, people would choose not to purchase insurance — some 30 million of them. Some would choose to work more hours thanks to the removal of the 30-hour weekly cap imposed by the ACA. Others would opt to enter the workforce in order to have an employer pick up the tab for insurance coverage.

Pelosi, NBC News, and CNBC should have noted the reasons the CBO's report is so tentative. According to the report,



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For many reasons, the budgetary and economic effects of repealing the ACA could differ substantially in either direction from the central estimates present in this report. The uncertainty is sufficiently great that repealing the ACA could reduce deficits over the 2016-2025 period — or could increase deficits by a substantially larger margin.

It threw a dart into the future dartboard from 2026 and out, noting:

The estimated effects on deficits of repealing the ACA are so large in the decade after 2025 as to make it unlikely that a repeal would reduce deficits during that period, even after considering the great uncertainties involved.

To its credit, the CBO's report did estimate an increase in freedom of choice if ObamaCare were somehow miraculously repealed: Between 30 and 35 million Americans would opt out, choosing not to carry insurance if left to their own devices. And about eight million of them would work longer hours or reenter the workforce now that subsidies to help them pay for the mandated coverage would disappear. This is an oblique acknowledgement that those subsidies are keeping people from working, or from working as much as they otherwise would in their absence.

It also accurately acknowledged that ObamaCare taxes would decline, although the CBO refers to them as reductions in government revenues rather than increased take-home pay to taxpayers:

The ACA also includes many provisions that are estimated to increase federal revenues.... Those with the most significant budgetary impacts increased the Hospital Insurance payroll tax rate for high-income taxpayers, added a surtax on those taxpayers' net investment income, and imposed annual fees on health insurers.

And then there's the pending decision by the Supreme Court in *King v. Burwell*, which would impact further the many assumptions the CBO made in cobbling together this all but worthless report:

The Supreme Court's forthcoming ruling about subsidies provided through insurance exchanges constitutes another major source of uncertainty.... The Court could rule that the law does not authorize subsidies in some states. If that happened, [the] CBO and the JCT [Joint Committee on Taxation] would reduce their projections on spending on those subsidies under current law.

Even if repealing ObamaCare in its entirety were to occur, there are other factors than just budget deficits and economy performance that the CBO didn't consider. For example, a repeal would enhance individual citizens' freedom to choose how to spend their own money by eliminating various mandates; it would lower taxes on medical device companies and high-income earners (just the part of the economy most likely to drive medical costs down through investments in innovation); and it would reduce complexity in obtaining healthcare, bringing patients closer to their providers rather than increasing the interference of a third party in that relationship.

Even if economic performance were diminished, freedom is more important than an improved GDP.



A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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