Written by Michael Tennant on May 24, 2010

Long-term Healthcare, Long-term Deficits

In a January 2008 debate among Democratic presidential candidates, Barack Obama promised that his healthcare reform plan would be debated publicly, “not negotiating behind closed doors … and broadcasting those negotiations on C-Span.” He reiterated his promise of C-Span broadcasts so “the public will be part of the conversation” later that year in an interview with the San Francisco Chronicle.

When it came time to hash out the ObamaCare bill, however, mum was the word. Obama cut a secret deal with the Pharmaceutical Research and Manufacturers of America (PhRMA): “In exchange for the much-touted $80 billion in savings that PhRMA volunteered in June [2009] to help cover the uninsured and reduce drug prices for some senior citizens, the White House had promised to block any congressional effort to allow the government to negotiate Medicare drug prices,” reports *Slate*’s Timothy Noah. Obama also promised behind closed doors to issue an executive order banning the use of federal funds for abortions — a good thing if it actually has any teeth, though an executive order is also easily repealed — as a means of obtaining Rep. Bart Stupak’s (D-Mich.) vote for ObamaCare. Further, as *TNA* reported recently, the cost of the bill for the first 10 years was underestimated by at least $115 billion — a cost that was not reported prior to the vote in part because the bill was rushed through Congress. All of this testifies to the intentional secrecy surrounding the ObamaCare debate, Obama’s campaign promises to the contrary notwithstanding.

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The *Washington Times* has revealed yet another “hidden time bomb,” as the paper’s unsigned editorial describes it, in ObamaCare. Called the Community Living Assistance Services and Support Act (given such an unwieldy moniker so its acronym would come out “CLASS Act”), the provision requires working

Americans to foot the bill for long-term at-home care for the elderly, to the tune of "between $150 and $250 taken out of their paychecks each month to cover this program nobody knew about," writes the *Times*.

According to the *Times*, the program was "buried in the lengthy reconciliation bill" that combines the House and Senate versions of the bill "at the last minute." "Democrats claim this isn't a controversial program," says the *Times*, "but if they really believed that, they wouldn't have had to sneak the provision into the reconciliation bill. But it was snuck in the reconciliation bill only two days before the House vote."

In fact, the program had been in the original Senate version of the bill was but dropped because of opposition from Democratic Sens. Kent Conrad of North Dakota, Mary Landrieu of Louisiana, Evan Bayh of Indiana, and Blanche Lincoln of Arkansas, all of whom considered the program fiscally irresponsible. Writes the *Times*:

> The senators were particularly concerned that the Congressional Budget Office numbers missed the real costs of the program. The CBO is instructed only to consider the fiscal impact over the next 10 years, but the way the scheme is set up, people must pay the additional taxes for at least five years to become eligible. So for the first five years we only see revenue. After that, the taxpayers are eligible only gradually. They must then become old enough to require home health care, so expenditures will occur in the distant future. In other words, we see taxes with no expenditures upfront, but huge expenditures picking up after the CBO's 10-year evaluation window passes.

The CBO reported that "the program will add to future federal budget deficits in a large and growing fashion," according to Fox News. The estimated daily benefit per enrollee is $75, which comes out to $27,375 a year, and that assumes that costs will not rise. The program encourages the elderly to seek care at home, which may not always be the most efficient means of providing care but will be chosen more often when the person receiving the care doesn't have to pay for it. As with any subsidy, the government will get more of what it subsidizes, putting upward pressure on prices, which will result in deficits and, quite possibly, price controls and other regulations to remedy the skyrocketing prices the government caused in the first place.

For the time being, participation in the program is voluntary, Fox News reports. The money that participants have deducted from their paychecks will not, however, be saved for their future care but, as with Social Security deductions, will be spent immediately to make the federal government's debt appear smaller. When all those enrollees get old and start calling in their chits, the real crunch will begin. Expect either deductions for participants to increase or participation to be made mandatory, or both.

Americans are going to be paying for Obama's broken promise of openness in the healthcare reform debate and, as the *Times* notes, his broken "promise not to raise taxes on those making less than $250,000 per year" for decades to come. We'll be lucky to be left with pocket change we can believe in.

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