



Written by [Raven Clabough](#) on December 9, 2015

New Reports: ObamaCare Penalties, Subsidies Hurt Americans, Economy

Data from the Kaiser Family Foundation and from the Congressional Budget Office proves once more that President Obama's signature healthcare law hurts American families and the economy.

Figures from a Kaiser analysis show that uninsured Americans should brace themselves for the 2016 ObamaCare penalty, which is expected to cost households an average of \$969. That number marks a 47-percent increase from this year's already high penalty, which averages \$661 per uninsured household. For most of those uninsured Americans, the penalties are still significantly lower than even the cheapest health plan available under ObamaCare, creating a proverbial "rock and hard place" dilemma.



The penalty for not signing up for healthcare is also known as the individual mandate, a crux of the Affordable Care Act because it relies on young people between the ages of 18 and 34, who will likely opt out of health insurance, to fund the healthcare costs for older and sicklier Americans through the penalty. Through some judicial rewriting of the law, the Supreme Court ruled that the individual mandate amounts to a tax, but it remains a highly controversial component of the law because it unconstitutionally compels Americans to purchase a commodity.

The mandate has been phased in over time, starting out relatively small with a \$95 fine per adult or one percent of a household's income (whichever was higher) in the first year and increasing steadily since.

But the Kaiser report shows that uninsured Americans are sure to feel it when they pay the 2016 penalties.

And while 3.5 million uninsured Americans may still be able to find healthcare plans that are cheaper than the fine, 7.1 million cannot.

Moreover, CNBC notes that for the households that earn too much to qualify for ObamaCare subsidies, the fine increases even more than \$969 to an average of \$1,450, up from the \$1,177 for 2015.

Time.com explains what this means for middle-class Americans:

Individuals making more than \$47,080 and families of four earning more than \$97,000 are too wealthy to qualify for subsidies. But they may still struggle to afford health insurance. In 2015, the average per-person monthly premium on silver plans, the most popular type of plan, was [\\$364 before subsidies](#), according to the Department of Health and Human Services. The Kaiser Family Foundation calculates that only 1% of Americans who are not eligible for subsidies could find a



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silver plan for less than the Obamacare tax in 2016. Only 5% could find a bronze plan — the cheapest kind of plan available to everyone on the marketplace — for less than the tax.

According to Kaiser's Senior Vice President Larry Levitt, many Americans are likely unaware of the fine because of the lag between open enrollment for insurance plans and the imposition of the penalty. As a result, the penalty is not currently spurring the enrollment numbers the Obama administration had hoped it would. "Open enrollment is happening now, and people may not find out they owe these penalties until April 2017," Levitt said. That could make for "a very nasty surprise when people go to file their taxes for 2016," he said.

At that point, Levitt surmises that the penalty would then effectively strong-arm people into signing up. "I do think that over the next couple of years, the increasing penalties will have a noticeable effect on enrollment," he said.

Whether that is true for the population known as the "young invincibles" — aged 18 to 34 — is problematic, however.

The Kaiser analysis states,

A key area of uncertainty for 2016 is how much the increased penalties will encourage uninsured people — particularly those who are healthy — to obtain coverage, boosting enrollment in the marketplaces and improving the insurance risk pool.

Meanwhile, a report by the Congressional Budget Office states that ObamaCare will ultimately reduce the workforce by two million full-timers because it disincentivizes workers.

Fox News writes,

The nonpartisan CBO estimates that the decline will come primarily due to workers responding to changes made by the law to federal programs and tax policy. The agency points to the introduction of health care subsidies tied to income as a key factor — which in turn raises effective tax rates as someone's earnings rise, therefore reducing the amount of work Americans choose to do.

"Subsidies decline as income increases, reducing the return on earning additional income," the report says. "That decline is effectively an increase in recipients' effective marginal tax rate, so it generally reduces their work incentives through the substitution effect."

Likewise, the subsidies create additional disincentives for those who are unemployed, the report notes. And the ObamaCare tax hikes on high earners are yet another incentive for some to work less or stop working altogether.

The report determines that the labor supply will shrink by .86 percent by 2025, which amounts to two million workers. "Some people would choose to work fewer hours; others would leave the labor force entirely or remain unemployed for longer than they otherwise would," the report says.

Furthermore, the CBO predicts that the employer mandate, which compels employers to pay a penalty if they have more than 50 employees and do not provide insurance, will likely be passed on to employees through lower wages.

Critics of ObamaCare have seized on the latest report from the CBO as proof that it is failing Americans.

Senate Finance Committee Chairman Orrin Hatch (R-Utah) said in a statement,



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When the President's health law hurts the labor force at the same time it increases health care premiums and taxes, it's clear the law is not working for the American people. The CBO's latest report confirms yet another broken promise and negative consequence stemming from ObamaCare.

Unfortunately, until Democrats and the president are willing to address these failures, the American people will be left to stomach the devastating side effects of this ill-advised health law."

Senate Republicans recently passed a bill that repeals some of the more troublesome portions of the highly unconstitutional healthcare law, including the individual and employer mandates. President Obama has already vowed to veto the law, but the effort underscores that the healthcare law may soon meet its demise.

Forbes contributor Michael Cannon observed, "Everyone now knows Obamacare is just one presidential election away from oblivion."

Of course, that all depends on who is elected.



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