



Written by on May 5, 2010

Obamacare According to CATO

The libertarian, free-market Cato Institute has seen fit to reference a key article about healthcare on the home page of their website. Called " 'Fearmongers' Were Right about Obamacare," this work was written by Michael D. Tanner, one of Cato's senior fellows, and was originally published in the April 30, 2010 edition of The Orange County Register.



Hitting his premise towards the end about the recent health care fight, Mr. Tanner opines:

This episode provides a lesson, not just for health care reform, but more generally for the Obama administration's policies. When critics of the health care bill raised [these] concerns during the debate, they were accused of "fear-mongering." It was said that they were "opposed to reform," or were in the pockets of the insurance industry.

Now, as the administration presses forward with its other initiatives, including financial regulation and, possibly, "cap-and-trade" energy taxes, the same *modus operandi* is in action. Those who raise questions are derided as opposing "reform" and siding with the banks, energy companies or whoever the enemy of the day is. The bills need to be rushed through. There is no time for real debate.

But maybe, just maybe, the first month of Obamacare should serve as a lesson: Legislate in haste; repent in leisure.

These thoughts will perhaps remind some about the desperate, last-minute warning voiced by Massachusetts State Treasurer Tim Cahill, announcing to whomever would listen that Romneycare — the form on which Obamacare was structured — was breaking the bank in the Bay State. It is a disaster. The warning ignored, we now find ourselves facing such articles as CATO's, prompting us to consider what lies in store for us in this New Age of Nationalized Healthcare.

Mr. Tanner's observations begin by citing a RAND Corporation report that quickly followed the President's signing into law of his healthcare plan. It concluded that Obama's legislation would not stop the increase of health insurance premiums. Rather, it would drive those premiums up by as much as 17 percent for young people.

Expressing no surprise at this revelation, Tanner points out further that even the Congressional Budget Office had previously cautioned the plan would have almost no effect on bringing down premium hikes.



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Recalling that when New York put in place a similar insurance plan back in the 1980s young people there found themselves facing an increase of almost \$500 per year, Tanner ruefully, if not tersely, observes: "But somehow, the media didn't pay much attention."

He goes on to further remind us that during the recent debates on health care, the promise that "if you have health insurance today, and you like it, you can keep it" was included in almost every presidential speech on the subject. But again, the Congressional Budget Office weighs in, saying that perhaps 10 million workers will be stripped of their current health insurance due to Obamacare. Out of these there will be those who will have to purchase new insurance via exchanges that are government-run, with perhaps millions more turning to Medicaid.

Mr. Tanner further cites how the Center for Medicare and Medicaid Studies made a report as well. It concerns seniors and the fact that half of those now enrolled in the Medicare Advantage program will be losing this program's coverage and made to return to "traditional" Medicare.

Returning to the theme of the President's campaign to pass his health care bill, the article recalls the frequency with which the United States was criticized by Obama "for having the highest health care spending in the world." Tanner cites another report (this one from the government's chief actuary) that puts this assertion into a much more acute perspective, declaring that "late last month the government's chief actuary released his report on the bill, showing that the bill will actually increase health care spending by \$311 billion over 10 years."

The CATO article goes on to further quote from the chief actuary's report, saying that it warned against hoping to see any of the promised spending cuts in time to come, and those for Medicare especially, as they would not be likely to occur. It quotes:

"The longer-term viability of the Medicare reductions is doubtful," wrote Richard Foster, chief actuary of the Medicare and Medicaid systems [see photo, above left]. What cuts do occur could have a severe impact on the quality of health care. As many as 15 percent of hospitals and other institutions could be forced out of business, according to the report, "possibly jeopardizing access to care" for millions of Americans.

As if this were not enough, Mr. Tanner continues adding to his assessment, pointing out both higher deficits and higher taxes will be coming, due to spending going up and future savings probably falling short of what has been promised — both middle class workers and small businesses will have to pay about an extra \$1,000 per year according to recent estimates, due to the taxes that are already in the bill.

Reminding us of the clenched hand within the velvet glove of the cajoling promises we were given, CATO's article finally mentions the fines awaiting those who fail to "meet the government's mandate to buy insurance." Again quoting from a Congressional Budget Office's recent report on the subject, it states that almost 4 million Americans — of whom nearly three-fourths will be middle-class workers — can expect penalties in 2016 that will average nearly \$1,000 per person. Observes Mr. Tanner:

All this, and the health care "reform" law is merely a month old.

Perhaps this is why nearly 56 percent of American voters now favor repealing the bill.

With higher medical costs, longer lines — the prospect of doctors fleeing the medical profession — CATO is to be thanked for providing this insightful evaluation to the Obamacare fray.

Now the mantra is clearer than ever: Remember in November.



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Photo: Richard Foster, chief actuary of the Medicare and Medicaid systems: AP Images



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