



Written by on June 9, 2009

Overdosing on Obama Healthcare

Item: *Representative John Conyers, Jr. (D-Mich.) said, as reported by the Philadelphia Inquirer for May 3, “that President Obama would not support single-payer universal health insurance now because he had too much on his plate — two wars and an economic crisis — and had to settle for the health-care reform he could get.”*

Nevertheless, Conyers is still “attempting to rally support” for his own bill, “which would create a single-payer system — essentially Medicare for all.”

Item: *Writing in the Washington Post for May 20, in a column entitled “Budget Scolds Shouldn’t Drown Out the Chorus Calling for Health Reform,” Steven Pearlstein lambasted the “budget scolds” who insist that “any plan to extend health care to 47 million uninsured Americans and reform a \$2.6 trillion industry will be ‘budget neutral’ within the first five years after enactment.”*

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The Post columnist berated those with a “wonkish demeanor and a skeptical outlook.” After all, he said, “because nothing of this scale and complexity has been tried before, projecting the fiscal impact is next to impossible.” It is “folly” for policymakers to put themselves into “a political and procedural straitjacket.” He concluded: “In all of history, no revolution was ever made by budget analysts. Health reform requires leaders with the foresight and confidence to take a leap into the unknown.”

Correction: Promoters of government-run healthcare would prefer to leap into the “unknown” because the more the American people understand about what is being planned for them, the less likely they are to fall for it. This is also why the Obama administration prefers to talk in generalities rather than provide specifics.

The industry groups hyped by the administration and mass media for taking part in the president’s dog-and-pony show in May found that their participation was misreported as support for a government takeover of healthcare. “There’s been a lot of misunderstanding that has caused a lot of consternation among our members,” said Richard Umbdenstock, the president of the American Hospital Association. “I’ve spent the better part of the last three days trying to deal with it.” He said that the supposed deal was “spun way away from the original intent.” Richard Pollack, the executive vice-president of the hospital association, insisted: “The AHA did not commit to support the ‘Obama health plan’ or budget. No such reform plan exists at this time.”

George Stephanopoulos, now of ABC, used to be the head policy wonk for the Clinton administration,





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which erred by going into too many details when trying to sell Hillarycare. Now a television personality, he was more than happy to report that the industry has decided to switch rather than fight, even if the facts didn't support his reporting. Nevertheless, if there are a lot of the people "at the table now," as Michael Cannon of the Cato Institute has put it, that's only because "no one wants to be on the menu." Good luck with that, when you're dealing with the voracious federal government.

In the meantime, the liberal mass media are trying to sell the notion of inevitability to the public, while keeping us in the dark about details. The one-sided network coverage was noted by Julia Seymour of the Business & Media Institute, a division of the Media Research Center: "It's been a recurring media theme since President Obama was elected — tell a news story the way he told it in a speech or press conference and then ignore the critics. That's exactly what the networks did in health care reform stories May 11 and 12, immediately before and after Obama's mid-day speech on May 11. Out of eight segments and two news briefs only one included a critic. One other segment included brief footage of a commercial opposing government-run health insurance."

Backers of a government takeover of healthcare love to cite the 46 million or 47 million "uninsured Americans" as a reason that something, anything, must be done by the government. The worse the perceived crisis, the more leverage is provided for a big-government response. (Of course, being uninsured doesn't mean you have no access to treatment, since the law already demands that emergency room treatment be provided for everyone. And having guaranteed treatment doesn't mean you have ready access to good care, as those waiting in lines in Canada and the U.K. can attest, as can those in the generally deplorable U.S. veterans system.)

But the promoters of so-called universal coverage don't tell you the rest of the story about those 40-odd million "uninsured." It turns out they are stretching the truth past the breaking point. About 45 percent of those who are uninsured will be uninsured for less than four months according to the Congressional Budget Office. The liberal Kaiser Family Foundation has placed the number of chronically uninsured Americans, who do not qualify for current government programs and make less than \$50,000 a year, at between 8.2 million to 13.9 million. Not surprisingly, the mass media prefer to ignore the more accurate but less dramatic figures.

Sally C. Pipes, president and CEO of the Pacific Research Institute in California, is the author of *The Top Ten Myths of American Health Care*. Said Pipes in an interview with National Review Online:

Of the almost 46 million Americans counted as uninsured by the U.S. Census Bureau, 14 million of them are eligible for existing government programs but have not signed up. Another 17 million of them are earning over \$50,000 a year but do not buy insurance because they feel it is too expensive. Two-thirds are young people between 18 and 31 who consider themselves "invincible." They would buy insurance if it were cheaper and available to cover catastrophes, which is why one has insurance. Because 64 percent of Americans get their insurance through their employer and insurance is not portable, many of the uninsured are just between jobs and hence counted as uninsured, even if they are only uninsured for a short period of time. There are only about 8 million uninsured that need some assistance.

It is interesting to note that one of the major proponents of a government healthcare takeover, Senator Max Baucus (D-Mont.), chairman of the Senate Finance Committee, says he won't try to get legislation passed that includes providing care for illegal aliens. He knows full well that it would be a bill-killer to try to sell the public on guaranteed healthcare for those who are already breaking the law. Yet, Baucus and others are glad to include the illegals in their total numbers. Up to 22 percent of the U.S. residents without health insurance are illegal aliens, according to analyses by the Center for Immigration Studies



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and the U.S. Census Bureau. “We’re not going to cover undocumented aliens, undocumented workers. That’s too politically explosive,” Baucus acknowledged in mid-May. Not now.

That doesn’t mean they won’t be added later. As the *Dallas Morning News* put it: “Some immigration advocates have argued health care reform will be incomplete if it does not extend coverage to illegal immigrants. ‘In light of what’s happening right now with the flu pandemic, it’s pretty clear that, for any health care system to work, it has to cover everyone residing in the United States,’ said Dr. Jamie Torres, a New York-based podiatrist who is director of Latinos for National Health Insurance.”

The president misleadingly promises to expand coverage and control expenditures at the same time. Indeed, Obama says he will only back a solution that lowers costs, allows patients to choose their doctors, and provides everyone with affordable, quality care. Santa Claus and the Easter Bunny are amateurs compared to a conjurer who could pull that sort of enchantment out of his government-subsidized hat.

Many outright “single payer” promoters (meaning those in favor of one government option) would like to get everything at once. They support what amounts to an expanded “Medicare” program. Promotion of extremely radical programs, as usual, helps to make other potential reform plans more palatable to the public.

The president seems to favor, for now, a sort of “Medicare lite” version that supposedly would allow “public choice” while stacking the deck against those who favored a private option — since the government would be subsidizing, in one form or another, its own competing plan.

Pointing to Medicare as a workable program for expansion is a bit tricky since its existing costs are exploding and unsustainable. The president’s own director of the White House Office of Management and Budget admitted in the *Wall Street Journal* in May: “The Medicare and Social Security trustees’ reports released this week show that health-care costs drive our long-term entitlement problem. An example illustrates the point: If costs per enrollee in Medicare and Medicaid grow at the same rate over the next four decades as they have over the past four, those two programs will increase from 5% of GDP today to 20% by 2050,” said Peter Orszag.

This is a model? As Obama and other so-called single-payer proponents have acknowledged, the legislation likeliest to pass will not be single-payer healthcare, but instead be a less radical-sounding plan that would be a bridge to the more radical plans they prefer. Obama himself has said he favors a “single payer” plan and that his reforms could well become a transition to that sort of universal program. Meanwhile, keep in mind that Medicare’s trustees have just reported a \$38-trillion gap between the benefits Medicare is promising to pay out over 75 years and the revenue it expects to collect.

One doesn’t have to love the current healthcare system in this country to see that the Democrats’ supposed solutions — more government intrusions — will make matters worse. As it is, the market is not being allowed to act properly. As economist Thomas Sowell has noted, “Only 13 percent of Americans’ medical care costs are paid for directly out of pocket.” When consumers are led to believe they can get something for nothing, or at least at a much lower cost, that artificially drives up demand. Then there is a call for price controls.

But price controls don’t work, as has been seen throughout recorded history, though the added costs may not be as visible in the short run. As Dr. Sowell has noted: “Artificially lower prices, created by government order rather than supply and demand, encourage more use of goods or services, while



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discouraging the production of those same goods and services. Increased consumption and reduced production mean a shortage.”

There’s no situation so bad that more government can’t make it worse. Consider what would happen should Washington get even deeper into the healthcare business. The Lewin Group, a major healthcare policy firm, has analyzed what would take place under the Democrats’ preferred plans. That analysis demonstrated, as Michael Cannon of Cato has written, “that Obama’s campaign plan would move 48 million Americans into a new government-run plan — essentially doubling the Medicare rolls. Lewin subsequently estimated that if Congress used Medicare’s payment rates and opened the new program to everyone, it could pull 120 million Americans out of private insurance — more than half of the private market — and boost the government rolls by an even larger number. Two-thirds of Americans would depend on government for their health care, compared with just over one-quarter today.”

The nation would then be past the tipping point. Yet, that is where we are headed unless sufficient resistance is mobilized. Socialized medicine already has a foundation in the United States; a “public option” system, or whatever other deceptive title is devised, would spread the cement of state control even wider and deeper. It would harden, likely beyond repair.

That of course is not the magic promised by Barack Obama, who keeps saying: “We estimate we can cut the average family’s premium by about \$2,500 per year.” (Even the White House doesn’t really believe that, if you press for details; in Washington-speak, those vaunted “savings” don’t mean your premium would be reduced, as you might expect — but would supposedly come out of the cost of future growth.)

When pushed, some socialized-medicine promoters will admit their way will cost even more. (They say that will be in the short run, though the long run never arrives.) “Even the Senate Democrats writing the healthcare bill,” says the liberal *Boston Globe*, “acknowledge that it could, initially, cost some families more in higher taxes to underwrite the cost of insuring the uninsured. Democrats in Congress are talking about things like taxes on sugary drinks and alcohol, and about taxing a portion of employee health benefits of those individuals with the biggest salaries and most generous health plans.” Of course, government already taxes health plans and those with more-than-minimal health plans — most people just don’t realize it. Because Medicare and Medicaid pay doctors and hospitals only a fraction of the cost of the actual care given, doctors and hospitals pass the remaining cost of care on to people who have health insurance, driving up fees and insurance costs. But who will pay these extra costs when most everyone is on a government-run healthcare plan? That’s where rationing comes in.

The White House and the Democrats need the cover of a few Republicans to make their poison pill seem more palatable. The “public option” notion is intended to do that. Speaking to other advocates of a “single payer” plan in April, Representative Jan Schakowsky (D-Ill.) admitted that the actual long-term goal on the healthcare reform agenda is to shut out the private health-insurance industry. “Those of us who are pushing for a public health insurance option don’t disagree with the goal [of eliminating private healthcare insurance],” she said. “This is not a principled fight. This is a fight about strategy for getting there, and I believe we will.”

The *Wall Street Journal* points out that the “compromise” being sought would be a big step toward complete government-run healthcare:

This new entitlement — like Medicare but open to all ages and all incomes — would quickly crowd out private insurance as people gravitated to heavily subsidized policies, eventually leading to a single-payer system. So Democrats are trying to seduce diffident Republicans with a Potemkin compromise. A



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“soft” public option would limit enrollment only to the uninsured or those employed by small businesses, or include promises that the plan will pay market rates. As recently proposed by Chuck Schumer, it would pay claims entirely with premiums and co-pays. But if the plan can’t force down reimbursement rates through brute force, and doesn’t get taxpayer dollars, why bother to “compete” with private plans?

The truth is Democrats know that any policy guardrails built this year can be dismantled once the basic public option architecture is in place. The White House strategy is to dilute it just enough to win over credulous Republicans. That is what has *always* happened with government health programs. [Emphasis in original.]

On the other hand, if you like bureaucratic coercion and higher taxes in general, with denied care, government rationing, and price controls, you’ll love Obamacare.

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