



Are Healthcare Investors Betting on Obama?

Are some of the nation's big investors in the healthcare field betting billions on President Obama's reelection? Andrew Ross Sorkin thinks so, and reports in his "Dealbook" [column](#) in the *New York Times* August 21 that a number of recent large investments in the healthcare industry indicate a confidence on the part of investors that the Affordable Health Care act will not be repealed and the federal government's growing involvement in the healthcare and health insurance industries will continue as scheduled under ObamaCare. And since Mitt Romney, Paul Ryan, and virtually every Republican running for any office higher than town moderator is promising to repeal the law, those investors must be expecting Obama to win — maybe.



Sorkin describes Aetna's recent acquisition of Coventry Health Care, a major provider of services under Medicare and Medicaid, as a \$5.7-billion bet on Obama's reelection. Wellpoint agreed to acquire Amerigroup for \$5 billion, "just a little over a week after the Supreme Court's decision to uphold the Affordable Care Act," he notes. That was not long after Cigna acquired HealthSpring "in another bet on the expansion of Medicaid and Medicare."

But with the baby boom generation just beginning to reach retirement age, spending on healthcare for the elderly seems certain to increase, regardless of what changes may or may not be made to the Medicare law. And medical care for low-income families under Medicaid will continue and likely grow, given the political and economic policies that have created in America a permanent underclass of people dependent on government for their survival. As historian Niall Ferguson pointed out in the "Hit the Road, Barack" cover story in the latest *Newsweek*, "Nearly 110 million individuals received a welfare benefit in 2011, mostly Medicaid or food stamps." And that was 15 years after passage of the Welfare Reform Act of 1996, the bipartisan plan to "end welfare as we know it."

"At a time when so many in the business community appear to be supporting Mr. Romney," Sorkin wrote, "it is telling that some businessmen and investors expect a different result — and are wagering more than rhetoric; they are staking their wallet on it."

But are they really? And is it really a paradox if savvy investors support Romney, yet expect ObamaCare to be a permanent fixture of American life? Romney has pledged to repeal ObamaCare "on my first day if elected." Therefore, Sorkin surmises, "any gamble that Obamacare stays intact could be fairly described as a wager that President Obama will remain in office."

Not necessarily. It could be described as a wager that ObamaCare will not only survive, but remain essentially unchanged, whether Romney or Obama occupies the Oval Office. The president, after all, has no authority to repeal any law, on his first or his thousandth day in office. As Sorkin acknowledges,



Written by [Jack Kenny](#) on August 21, 2012

any effort to repeal the Affordable Care Act could be blocked in Congress. Even if the Republicans manage to hold their majority in the House and win control of the Senate, no one is predicting the Grand Old Party, which now has 47 Senate seats, will achieve the 60 needed to shut down the filibuster that Senate Democrats would surely wage against a repeal effort. In short, Romney may have about as much chance of repealing ObamaCare as the Red Sox have of winning the American League pennant.

And that's assuming that Romney even intends to put an end to all the government directives, controls, and mandates in the ObamaCare legislation. The Republican challenger repeatedly promises to "repeal and replace" ObamaCare. Replace it with what? He doesn't say. But given his history, it seems unlikely that Romney would champion a removal of all the cost-driving regulations, bureaucratic mismanagement, and burdensome, time-consuming paperwork that government control of medicine entails and replace it with a genuinely free market competition that would drive down costs and expand the customer base. It seems more likely that if he had the chance to replace ObamaCare, he would replace it with something quite similar, something like the Romneycare he promoted and signed into law in Massachusetts — the law that became the template for Obama's Affordable Care Act.

Perhaps what the investors are betting on is that nothing much will change, no matter which candidate wins the White House in November. There is a good deal of history to support that assessment. By Sorkin's logic, investments in the defense industry in 1968 might have been viewed as a bet that Hubert Humphrey would win the election, since Richard Nixon had promised to end the Vietnam War. Yet within days of his election, Nixon, after years of berating the foreign policy of his predecessor, Lyndon Johnson, hastened to assure our allies and the rest of the world that American foreign policy would remain essentially unchanged. Ronald Reagan called the yet-unratified SALT II arms limitation treaty negotiated by the Carter administration "fatally flawed" — then, once in office, announced we would abide by its provisions anyway. His pledge of balanced budgets turned into \$200 billion deficits out into the future for "as far as the eye can see." The first President Bush would stand for "no new taxes" and the second would refrain from "nation building," while pursuing a more "humble" foreign policy. The late columnist Joseph Sobran observed years ago that campaign promises are like dairy products: they should come with expiration dates.

Often the expiration date of a campaign promise coincides with Inauguration Day — the candidate's "first day if elected." Sometimes it comes even earlier. Most dairy products have a longer shelf life.

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