



How the right blew a huge story about Obamacare and unions

By Brian Beutler
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Normally conservatives regard a bad day for unions as a cause for celebration.

But on Friday night, many of them were distraught to learn the Obama administration had dealt labor a big defeat. It's actually a new development in a story that's been taking shape for several months now. Unions have been complaining loudly about the Democratic party's unwillingness to use Obamacare as a vehicle for funneling billions of dollars to member health plans. And that's pure butter for Republicans. If the Obama administration had caved, the GOP would have rightly treated the decision as a huge scandal. Now that the administration has told unions to take a hike, Republicans can boast that "even Democrat allied union bosses who helped pass Obamacare now hate Obamacare."

But some conservatives outside the official party apparatus betrayed a sense of disappointment — or if not disappointment, then at least confusion — when the administration announced that unions would get no lucrative Obamacare favors. That's in part because conservatives have internalized their own nonsense about the White House's unscrupulousness, so they find it confounding when Obama doesn't behave like corrupt machine pol. But it's also in part because the right's entire belief system about Obama is built around an erroneous act of projection. Special favors and unethical power plays were business as usual in GOP politics under the last administration, and if Obama has been politically successful in the United States, he must be taking those same tactics to a new level.

That conservatives convinced themselves there was a good chance that the administration would take the action unions requested says a lot about how badly they've deluded themselves.

Here's the full story of the big labor attack on Obamacare. About 20 million union members are insured under non-profit health plans — also known as Taft-Hartley plans — which are managed

by the unions themselves in conjunction with one or more employers. Unions are worried that new Obamacare benefits will undermine the viability of these plans, which are one of the biggest perks unions offer to members and potential members.

Most unions didn't raise this concern when the ACA was being drafted, so now that it's about to be fully implemented they're throwing their weight around, and until Friday were demanding that the administration provide workers insured by these plans with Obamacare tax credits intended for poor and middle-income people without insurance.

But union health insurance, like all group health insurance, is already heavily tax preferred. The unions wanted to double dip, and were asking the administration to lawlessly interpret the Affordable Care Act to direct billions of dollars into their coffers.

It was a self-defeatingly absurd demand. If anyone on the right had bothered to report out the story or otherwise do basic due diligence, they would've found plenty of administration officials and surrogates willing to tell them as much. But many conservatives treated it as perhaps a 50-50 proposition. The Cato institute's leading Obamacare foe Michael Cannon propounded the notion of the White House's self-evident corruption in the form of a prediction that's now been proven incorrect.

On Friday night, when news that the administration had rebuffed labor, I fielded email and Twitter correspondence from conservatives who were perplexed by the decision, and looking for ways to construe it such that it didn't conflict with their priors.

Cannon himself claimed vindication for a separate prediction that the Obama administration would allow members of Congress and their staffs to keep the Federal Employees Health Benefits Plan contribution toward their premiums when they're unloaded on to the exchanges.

These are hugely different controversies, both in nature and in scale. But if you're driven by reflexive hatred of Obamacare, you're susceptible to making massive errors.

“‘[Union] plans ‘receive the tax break given to employer[s],’” Cannon tweeted. “That ‘disqualifies them from’ subsidies. Yet O[bama] gave *Congress* both.”

That's false too. Members and their aides get to keep their employer premium contributions, which means their compensation will be held constant. But they're exempt from other Obamacare subsidies, including the premium tax credits unions wanted, as a result.