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President Obama: Hypocrite or Just a Flip-Flopper?

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Before raising taxes to engineer a government health care take over, Congress would do well to remember President Obama's own words from last year. On the campaign trail in October, then-Senator Obama criticized his opponent, Sen. John McCain, for allegedly proposing to eliminate the current federal tax exemption on employer-provided health care benefits.

He warned, if Senator McCain "taxes health care benefits for the first time in history; millions lose the health care they have; millions pay more for the health care they get; drug and insurance companies continue to profit and middle class families watch the system they rely on begin to unravel before their eyes."

Yet though his words might have led voters to believe he would protect the exemption that currently assures coverage for 164 million Americans, as president, Barack Obama's actions tell a different story. Since the Obama administration came to power, White House budget director, Peter Orzag, has been careful to leave the option of taxing benefits "on the table." Recently, Montana senator, Max Baucus, reported the president himself has expressed support for the idea.

So why the flip flop? Most likely it is a result of the cold fiscal reality that has begun to grip Capitol Hill. In a speech to the American Medical Association, President Obama admitted the cost of his proposed changes to the health care system could run in excess of \$1 trillion over the next decade. This Congressional Budget Office confirmed this with a report finding a Senate version of the plan would cost \$1.5 trillion. With a staggering budget deficit of about \$2 trillion already expected this year, Congress would look to raise taxes substantially to give such a massive new entitlement even the appearance of budget viability.

But although raiding the employer exemption may seem like a panacea to lawmakers, taxing health benefits is extremely unpopular with the general public. A recent poll by the Kaiser Family Foundation reported a majority of respondents (62 percent) were opposed to the idea of paying new taxes on benefits they view as earned income. And despite the results of a June 20 CBS poll that showed 77 percent of Americans are satisfied with their current care, the Obama administration and Congress seem determined to raise costs for employers, increasing the likelihood of dropped coverage and patient care disruptions.

Rather than raise the tax burden on those who have coverage to subsidize an entitlement regime for those who do not, Congress should expand the federal income tax exemption to include every individual who chooses to purchase some form of health care. According to census data, fully 20 million uninsured Americans are employed full time, yet do not receive benefits through their job. It is reasonable to suspect that at least some of those individuals might choose to obtain health insurance were the tax incentives now offered exclusively through employer-provided coverage available to them as well.

Ironically, it was John McCain whose plan would have given such employees and their families that option. Through tax refunds, McCain sought to encourage all workers to purchase coverage even if their employer chose not to provide it. And, unlike what President Obama has proposed, McCain's plan would actually have increased the total number of people covered without transferring more wealth or control to the federal government.

Unfortunately, there has been no indication from Sen. Baucus that a pending health care bill would extend the current employer tax breaks to individuals. Instead, he and other leading congressional Democrats seem to be heading the opposite direction, raising taxes to subsidize government control. But without individual incentives, as President Obama himself said in October, a tax hike will increase the cost of employer-provided insurance and could potentially force millions of people--as many as 118.5 million according to the Cato Institute--out of their current coverage altogether.

From there, as more and more patients are shuffled into a still-undefined government health bureaucracy, the spiraling tax rates necessary to finance its growing cost will wreak havoc throughout the economy. That cycle will continue

driving up the number of Americans perpetually dependent on the federal government while driving down the quality and quantity of care they can receive.

Instead, by expanding the proven success of exemptions and reducing the tax burden on individuals, Congress could help increase the number of Americans covered while limiting the cost and intrusion of government. Or is that not what this is all about?

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