



## The Upside of Obamacare

*A valuable teaching moment for our hapless youth.*

By: [Ross Kaminsky](#) – November 25, 2013

I am slightly grateful for Obamacare.

It's not going to cause a 21st Century Great Awakening toward the perils of Leviathan government. If history is a guide, any such increase in citizens' focus on the harm done by politicians will likely be temporary, given Americans' short memories in the face of claimed good intentions and free lunches.

But for today, disapproval of Obamacare is at its highest in a least a year, with the number one reason, according to Gallup, being "government interference." Price increases come in a distant second. Maybe all is not lost.

Every once in a while — a long while, to be sure — government does something so large, so obvious, and so harmful, that it kindles some interest, perhaps even indignation, among the most unaware and incurious among us — not surprisingly strongholds of Democrat support — including soccer moms and college students and young adults living through Obamacare-caused unemployment in their parents' basements (while, according to President Obama, blissfully appreciative of being on their parents' health insurance plans).

Obamacare has changed that, even if it creates only a brief opening in what will inevitably be the shutting door of American anger as voters' passivity is purchased with other people's money.

But many recent elections have been so close that swaying even a small single digit percentage of the population could change outcomes of races across the country and thereby alter our nation's future — perhaps as soon as a year from now.

The disaster that is the Obamacare rollout — not simply the website's failure to launch but the devastating impact on millions of Americans' health insurance policies and premiums — gives opponents of unlimited government a rare opportunity to shape a new generation of voters.

Government absolutely dominates American health care.

A 2011 report by the Centers for Medicare and Medicaid Services (CMS) says that "in 2012 and 2013 government outlays are projected to grow at an average of 4.0 percent and to maintain a 46-percent share of total health spending" (emphasis added).

As Christopher Conover noted for the American Enterprise Institute, these numbers exclude the value of "tax subsidies" such as the corporate tax deductibility of health insurance premiums for employees.

Accounting for these costs, “all levels of government account for almost 60 percent of national health spending.”

This is, of course, a large reason for the explosion in costs of health care and health insurance (opponents of socialized medicine would do well to keep those concepts separate), just as government subsidization of college tuitions has both allowed and caused otherwise inexplicable and unjustifiable increases in the price of higher education: Insulation of the consumer from the cost of her consumption is a sure path to over-consumption and insensitivity to price.

It’s the economic equivalent of “If I knew you were buying dinner, I would have ordered the lobster.”

Except they *do* believe you’re buying.

The part of the health insurance market that is not overtly government-run is government-controlled to a degree people also don’t understand, most importantly by the federal ban on interstate purchase of health insurance. The deductibility of health insurance premiums by employers but not by individuals also distorts the market; we can debate whether the best fix is deductibility for everyone or for no one. The lack of federal tort reform boosts costs for consumers while benefitting trial lawyers, the most important owners of the Democratic Party.

And since the health care that government pays for directly (primarily through Medicare and Medicaid) tends to be at forced discounts — often less than the cost to provide a service — the shrinking number of doctors who accept government “insurance” must recoup losses by raising the prices on private payers whenever possible. In short, government-run health insurance forces everyone else to subsidize those in Medicare and Medicaid far beyond the taxes paid to fund those systems. Obamacare does the same thing except that it is, fortunately, even more obvious in its reliance on generational theft.

The federal government is presiding over a perverse sort of reverse-inheritance scheme, transferring money from young workers to their parents and grandparents.

But how else could it be when the average individual worker will receive three times as much in benefits as he paid into the Medicare system, and a couple in which only one member works will jointly receive six times as much in Medicare spending as the working partner paid in Medicare taxes.

Some argue “hey, that sounds like a good investment, getting back three times as much as I put in.” But over the course of a working lifetime, that is no better than one would do in a low-risk bond fund, and much less well than one would expect to do in the stock market. Even worse, the money paid in Medicare taxes is not invested in anything, so the excess benefits come entirely from taxing and borrowing on the backs of your youngest workers and their not-yet-born children. (The same is true for Social Security taxes, but Social Security’s excess benefits are far smaller — and much worse than even a mediocre investor would do in a personal account.)

As our own Ben Stein’s wise father, Herb, famously put it, “If something cannot go on forever, it will stop.” It is one thing to honor promises made to people who have lived by a contract for decades; it is

another thing entirely to keep making to younger Americans a promise even more damaging and false than “If you like your plan, you can keep it.”

This cannot go on forever, either fiscally or politically. Like a game of musical chairs, someone — or rather millions of today’s young and nearly-young someones — will be left standing, handed a bill which they cannot and will not pay. More than half of young adults do not believe Social Security will exist when they retire. If they understood the math of Medicare, they would be far more frightened.

Few things could have better helped begin their understanding than Obamacare.

The law’s subsidies, its reckless expansion of Medicaid (for which we must not forgive Republican co-conspirators like Ohio Governor John Kasich), and its built-in insurance company bailout are fiscal child abuse, and young adults are finally waking up to the beating their futures are taking at the hands of “compassionate” government.

So far, however, the scale and cost of government interference in health care are, because politicians on both sides of the aisle have little incentive to create awareness, barely understood in the populace and particularly among our youngest voters who have never had to deal with health insurance themselves.

Therefore, when President Obama and Democrats blamed high health insurance premiums and other negative aspects of getting or keeping health insurance on a failure of “the market,” people believed them.

But Obamacare is changing that, and for that we should be grateful.

As the Cato Institute’s Dan Mitchell put it, Obamacare took a system that was 68 percent government-controlled and made it 79 percent government-controlled. But the public thinks it’s been a complete paradigm shift, and is blaming everything that is happening now on a sudden government intrusion.

This is no time to straighten the people out. At least not yet.

Let the people believe that Obamacare represents a bigger change in government involvement in health care than it actually did. Eventually, as Dan puts it, “they will be much more likely to blame ‘Obamacare’ and ‘government’ for all the warts and inefficiencies of the healthcare system.”

However, the situation presents a challenge to match the opportunity: the same ignorance that kept Americans from blaming government for the failures of the health insurance industry also has them skeptical of free markets and capitalism.

This makes it critical that a push for repeal of Obamacare be married to a plausible replacement, even if one that is not as *overtly* pro-free market as economic conservatives would prefer. Better to take a couple of achievable steps toward economic liberty than to scare an ill-informed population with the whole capitalist enchilada at once and end up losing the public debate.

And a strong message will also require more capable, likable, believable messengers than the GOP usually trots out. House Budget Committee Chairman Paul Ryan (R-Noodling) is a notable exception,

with a combination of affability and competence that puts Barack Obama to shame, literally and figuratively.

Obamacare was an earthquake in health care, and a very damaging one at that, but it did not occur in isolation. Rather it was just the latest event in terrain that is home to the San Andreas Fault of public policy, in which repeated government meddling since the institution of employer-paid health insurance tax deductibility during World War II has created an unstable terrain just waiting for “the big one.” With Obamacare, we’ve been hit with a magnitude 9 quake that will awaken even the most politically drowsy, at least among those who are not already on Medicare and Medicaid.

That’s why Obamacare represents the first, best opportunity in a generation to cause college students and other 20-somethings to join with the majority of Americans in viewing government as a threat to our basic freedoms. If we can change them now, we’ll have them forever — a lesson that Progressives have understood since capturing the academy a century ago.

Last week’s Quinnipiac University poll shows a dramatic lack of confidence among young adults, ages 18-29, in the president and in government. This is the most hopeful indicator in a long time that, after years of Progressive governing by Democrats and Republicans alike, we might start drifting back, against the relentless tendency of “liberty to yield and *government* to gain ground,” toward the principles that made the United States of America the most successful and admired nation in history.

According to the survey, only 36 percent of young adults approve of how Barack Obama is doing his job, tied with the approval rating among those 65 and older, and below all other adults. 18 to 29-year-olds are similarly negative on the questions of whether Obama is honest and trustworthy and how he is handling the economy and foreign policy, although the young still have more faith than the rest of us when it comes to Obama’s approach to health care.

And why not, when they can stay in the warm cozy health insurance womb until the age of 26?

But the Obamacare water is about to break. And instead of alighting in welcoming arms, America’s economic babies are going to have a hard landing on the cold floor of reality, stare up at the “Hope and Change” poster on the wall, and wonder “Hey, didn’t you promise to catch me?”