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Three Years of Broken Promises

The president's health-care law has done almost none of what he suggested it would.

By: Michael Tanner – March 27, 2013

The Patient Protection and Affordable Care Act, a.k.a. Obamacare, turned three years old this week. But unlike fine wine, the ACA is not getting better with age. A torrent of recent studies and reports has provided new evidence — as if we needed more confirmation — that nearly everything we were told about this law was untrue.

Compare these promises to what we've found out about the law in just the past two months:

> If you like your doctor, you will be able to keep your doctor, period. If you like your health-care plan, you'll be able to keep your health-care plan, period.
>
> — President Obama, June 15, 2009

People are finding it increasingly difficult to do what the president promised. According to the California health-care-consulting firm HealthPocket, in a study of more than 11,000 plans on the individual market released this month, less than 2 percent of existing plans are in compliance with the law's benefit requirements. While current plans are technically grandfathered in, allowing people to keep them for now, any change in the plans requires that their coverage be brought into full compliance, even if that means more expensive plans that include new and unnecessary benefits. Moreover, because non-compliant plans cannot enroll new members, most of the existing plans will eventually disappear, requiring even those members who have been grandfathered in to switch plans eventually.

The same applies to many business plans, especially for employers in the "small group" market. In a survey of small businesses, the National Federation of Independent Business found that 12 percent of companies have already been notified that their current coverage will be canceled or will not be renewed because it doesn't meet Obamacare requirements.

At the same time, the CBO has raised, from 4 million Americans to 7 million, its estimate of the number of workers who will be dumped from their employers' health plans and forced into the exchanges.

And it may become increasingly hard to keep your doctor, too, or at least to see him reasonably quickly. Because the Affordable Care Act curtails physician reimbursement, medicine is apt to become a less desirable profession. A survey of physicians conducted by Deloitte found that 59 percent of them expected that at least some doctors will retire early as a result of the health-care law and that others will scale back their hours.

At the same time, by increasing coverage, Obamacare will increase the demand for health-care services. One doesn't have to be an economic genius to predict what happens if you increase demand while decreasing supply in a market where prices can't adjust: You have shortages. But if you want evidence, look at Massachusetts, where, under Romneycare, the average wait to see a primary-care physician increased from 33 to 55 days.

> This law will cut costs and make coverage more affordable for families and small businesses.
>
> — President Obama, June 22, 2010

One can forgive President Obama's claim in the 2008 presidential debates that health-care reform would save the average family $2,500 per year in premiums. This law, with all its compromises, may be different from what he envisioned then. But as the above quotation shows, the president has continued to make similar claims since the law passed.

Health-care costs have indeed risen somewhat more slowly over the past three years, a fact that the administration has trumpeted loudly. But nearly all outside observers attribute that slowdown to the recession. Most analysts, including the government's own actuaries, expect health-care costs to rise much faster in the future.

And despite the overall cost slowdown, skyrocketing premiums are just around the corner. According to the *Wall Street Journal*, insurers are warning that enactment of the law's provisions next year could as much as double some people's premiums in the small-group and individual markets. To be sure, these are worst-case scenarios, but there can be no doubt that the health-care law is raising premiums for small businesses and those buying insurance on their own. The young and healthy (and businesses with young, healthy work forces) will see the biggest hikes.

Of course, defenders of the law point out that some, though not necessarily all, of the increased costs will be offset by the new subsidies that the law provides. But that merely shifts the burden from individuals to taxpayers. The average projected cost of a subsidy in 2014 has increased by $700 since last year's estimates and now exceeds $5,500. Indeed, according to the CBO, the total cost of exchange subsidies under Obamacare has increased by $125 billion, on a year-over-year basis, since initial estimates.

> This legislation will also lower costs for . . . the federal government, reducing our deficit by over $1 trillion in the next two decades. It is paid for. It is fiscally responsible.
>
> — President Obama, on signing the Affordable Care Act

One wonders how defenders of Obamacare can continue to make this and similar claims with a straight face. It has long been apparent that the bill's costs were grossly understated, leaving out more than $115 billion in implementation costs, for example, double-counting Medicare savings, and relying on cost savings that even government actuaries suggest are unlikely.

Senator Jeff Sessions, in an analysis based on information provided earlier this month by the Government Accountability Office (GAO), has found that Obamacare would actually add $1.4 trillion to the national debt over the next ten years, and as much as $6.2 trillion over the next 75 years. It is true, as the GAO pointed out, that this is only one interpretation of the data (though one they call "reasonable"), but the scenario that Senator Sessions lays out reflects the concerns expressed by the Medicare trustees, the Congressional Budget Office, and the office of the chief actuary that the cost-containment mechanisms in the health law will not be sustained over time. Even if Senator Sessions's analysis is off by, say, a couple hundred billion, it stretches credulity to call Obamacare "fiscally responsible."

> It's about jobs. . . . In its life [health-care reform] will create 4 million jobs, [and] 400,000 jobs almost immediately
>
> — Nancy Pelosi, February 25, 2010

Meanwhile, the evidence continues to mount that Obamacare is a job killer. For example, a new study from the National Federation of Independent Business predicts that Obamacare will result in a loss of 146,000 to 262,000 private-sector jobs by 2022, with 59 percent of the losses coming from small businesses. This is roughly 20,000 more lost jobs than NFIB had previously predicted, in 2011.

Another new study, by the International Franchise Association, warns that Obamacare puts as many as 3.2 million jobs at risk, particularly in industries such as chain restaurants. As many as one-third of all franchise-related jobs in every state could eventually be lost, with California, Florida, and Pennsylvania hardest hit.

Even more significant, the March edition of the Federal Reserve's "beige book," a compilation of regional economic surveys, reports that employers continue to cite Obamacare and uncertainty over the rising cost of health insurance as a reason they are not hiring in the wake of the recession. "Employers in several Districts," the report says, "cited the unknown effects of the Affordable Care Act as reasons for planned layoffs and reluctance to hire more staff."

It's hard to imagine how Obamacare could ever create jobs, given the enormous burden it is placing on the private sector. According to a study released this week by the American Action Forum, the health-care law has already imposed more than 111 million hours of paperwork on American business, at a cost of more than $30 billion. That's $30 billion that won't go to create jobs.

Of course, this doesn't begin to consider the broad effects of the roughly $1 trillion in new taxes that Obamacare imposes over the next ten years.

> Quality, Affordable Health Care for All Americans
>
> – Title 1 of the Patient Protection and Affordable Care Act

All Americans? Not even close. The latest CBO estimates suggest that, by 2023, there will still be more than 30 million uninsured Americans. For all the enormous cost and disruption caused by the Affordable Care Act, it will provide insurance for less than half the Americans currently without coverage. Further, only 25 million of them will actually receive proper insurance (and subsidized plans, at that). The remaining 12 million are merely dumped into Medicaid, hardly known for high-quality care. (Outcomes of Medicaid patients are actually, by some measures, worse than those of the uninsured.) According to the CBO, by the end of the decade almost 11 million fewer Americans will have private unsubsidized health insurance than do today.

Once upon a time we were told we needed to pass this law to find out what was in it. As Obamacare gets older, we are discovering the answer: broken promises.