

## Criticisms of Obamacare are way off base

By: Diane Brown and Mark Lipton- July 30, 2013

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In his recent column on the Affordable Health Care Act titled “Train Wreck” (Viewpoints, July 7) Michael F. Cannon (Cato Institute) renders preposterously false criticism and erroneous conclusions about the effects of the IRS’s announcement of postponing enforcement of the Act’s “employer mandate” for one year. Limited space here does not allow refuting all his false or misleading claims in the article, but after examining a few, they should all be viewed as suspect.

Sadly, Cannon’s granular focus on claimed IRS regulatory abuse and out-of-control premium increases fails to see the big picture: long-term savings and immediate patient protections. He dodges the underlying driver of the law — lack of health coverage for more than 40 million Americans — completely ignoring this national dilemma that many consider both a national health and economic crisis.

Cannon concludes the IRS decision is an abuse of power by the executive branch and demonstrates the unworkability of the entire statute. Mr. Cannon seems to have missed Political Science 101 that goes like this: Congress passes laws and the executive branch is responsible for writing detailed regulations to implement those laws. These regulations clarify and necessarily create flexibility, given circumstances on the ground, many of which Congress does not address in the law.

The IRS issued regulations to apply the employer mandate provision. The employer mandate covers only employers with 50 or more employees, and requires these employers to provide access to medical coverage for their employees or pay a penalty. Implementing the mandate requires a complex reporting process that generated concern from employers. They needed more time to test the reporting system and adapt their health benefits to make health coverage more affordable and accessible for their workers.

Clearly, the decision to delay implementation of the mandate, in response to business owners’ concerns, is neither shocking, nor abuse of power, nor inconsistent with actions of other presidents who were required to implement complex laws. If Cannon so wrongly mischaracterizes the administration as usurping Congress’ authority in this matter, you can bet he has done the same with his other similar claims.

Cannon’s contention the delay to implement the mandate demonstrates the unworkability of the entire statute is simply baseless since the mandate affects relatively few employers, and therefore few employees. “There are 5.7 million firms in the U.S.,” says Wharton’s Mark Duggan, who served as the top health economist at White House’s Council of Economic Advisers from 2009 to 2010. “[I]f you look among those firms with 50 or more employees . . . it’s basically 10,000 or so employers who have more than 50 employees and don’t offer coverage. Those companies probably employ around one percent of American workers.” Consequently, how can

the one-year delay impacting only 1 percent of the American workforce make the entire law unworkable as Mr. Cannon claims?

It is unequivocally false and morally reprehensible for Mr. Cannon to claim “Obamacare began increasing health insurance premiums.” The fact is since 2010, increases by insurance providers have averaged less than experienced during the George W. Bush years. Future increases, if any, would be driven by industry trends based on medical inflation. But premiums will be reduced for the elderly, those with pre-existing conditions, and many others. With more industry scrutiny under Obamacare, and more people in the insurance pool, premiums for most should go down, depending on individual choice of coverage, e.g., a Ford-model policy or a Cadillac. Already, New Yorkers will see a 50 percent premium decrease on the individual market as a result of the Affordable Care Act (New York Times, July 16). Oregon reports a 35 percent decrease.

American health care before Obamacare was, indeed, a “train wreck.” The Patient Protection and Affordable Care Act, focusing on wellness (no deductible/co-pay for preventative services) and expanded coverage, gets us on track. Mr. Cannon’s conclusion that “[p]erhaps Congress should offer to delay the rest of the law too” has no merit unless the law is replaced with a single-payer system that eliminates employer-based coverage, provides health care for all Americans, and allows the government (as with Medicare, the Veterans Administration and Federal employees’ benefit plan) to negotiate with providers for fair rates. Mr. Cannon hasn’t offered this solution, but it would surely eliminate his supposed concerns.

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