



Beware of claims of healthcare cost reductions

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An expert on health policy says Americans haven't hit the brakes on healthcare spending, despite what a new government report may claim.

Michael Cannon of [The Cato Institute](#) says Americans only let off the gas pedal, and the 3.9-percent increase in spending for 2010 was most likely caused by the slow economy. "You had employers cutting back on the amount of coverage they offer to people, senior citizens felt more income constrained and therefore didn't go to the doctor as often, and you had some people losing their jobs and losing their health insurance," he says.

Some people are wondering what, if anything, has been the impact of ObamaCare. *The Associated Press* reports ObamaCare barely added to costs, just one-tenth of one percentage point, but as the *AP* also notes, several major provisions of ObamaCare do not take effect until 2014.

Cannon adds that it was actually two-tenths of one percentage point, but that is the net impact.

"Remember there are provisions that were restraining spending in a number of ways, and provisions that were increasing spending," Cannon explains. "But any uncertainty about ObamaCare's effect on healthcare spending will be erased in 2014 when the law takes full effect and healthcare spending explodes -- not only because of the new spending in the law, but because [of] the presumed spending constraints in Medicare and elsewhere; those are going to be gutted by Congress the way Congress typically guts these sorts of spending restraints."

The bottom line is while the net effect of ObamaCare has so far been to increase spending, the economy is helping to slow the growth of spending, partly because of ObamaCare. As a result, Cannon says, "ObamaCare is pushing in two different directions."