



## **Obamacare: Just give us a bill to hype; we don't care what it is**

By Paul Craig Roberts – November 12<sup>th</sup>, 2012

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In the article below, Dr. Dotson provides more information about Obamacare. The program is not what its supporters or its critics imagine. In my opinion, with Republicans blocking a single-payer national health system, the Obama White House went to the insurance lobby and said, "give us a health care bill that you can get Congress to pass." The result is a complex system of taxes, penalties, and government subsidized private health insurance policies with a layer of profits added to the costs of new levels of bureaucracy.

Nomi Prins reports that the claim is laughable that Obamacare will lower costs by creating competitive insurance premiums, because of consolidations and mergers of insurance companies in preparation for the "insurance exchanges." Wall Street is already making money off the mergers. What Obamacare really does is to allow concentration and control of health care by large corporations that will sacrifice health care to private profits.

Dr. Dotson believes that Obamacare will result in Medicare being blended into some type of corporatist insurance product bringing higher costs and fewer benefits to patients. It will be a "health system" that funnels federal revenues into insurance company profits instead of into health care.

The unexpected consequences of Obamacare are likely to require endless amendments to the legislation. The complexity will result in mistakes by doctors and hospitals that will be prosecuted as crimes. Health care for patients and adequate payment to health care providers will become back burner concerns.

Once Obamacare is up and running, the private and bureaucratic interests that benefit from the monstrosity will protect it regardless of its failure. It would have been so much better, so much cheaper, and so much simpler to have created a single-payer national health service like every other developed country. Instead, "superpower americans" are to be deprived of good and inexpensive health care for the sole sake of corporate profits.

## Obamacare -- The Tax Man Cometh ~ Robert S. Dotson, M.D.

"I think you should send us the biggest transport plane you have, and take this thing to the Arctic or somewhere and drop it where it will never thaw."

- Lieutenant Dave in the Sci-Fi Classic, "The Blob"

With the confusion accompanying the passage of the Patient Protection and Affordable Care Act (PPACA, aka Obamacare) and its on-going implementation, it has not been easy to discern its real meaning for those covered by it.

Presidential and Vice-Presidential candidates alike have kicked the disinformation machines into high gear. In what follows I will try to identify some of its ramifications.

The Congressional Budget Office (CBO) and Joint Committee on Taxation (JCT) have continued to periodically release estimates of the costs of PPACA. Their most recent cost estimates for current provisions in the legislation (July 2012) indicate that the insurance coverage provisions of Obamacare will have a net cost of \$1.168 trillion from 2012-2022. Government projections usually underestimate costs. We were told that the war in Iraq would be essentially self-financing and that the banks only needed a few hundred billion to protect them from collapse. Many thousands of billions of dollars have been shoveled at both to date and the end is not in sight.

The CBO says that the new health care law raises taxes by more than \$1 trillion. The individual mandate (which the CBO refers to as a "penalty tax") will produce \$55 billion in "penalty payments for uninsured individuals". The "additional hospital insurance tax" is the largest tax increase in Obamacare and is projected to bring in \$318 billion in new revenues. Supposedly, this tax mainly hits "high-income taxpayers" (individuals making over \$125,000/year and households over \$250,000/year). Other money comes from: "associated effects of coverage provisions on tax revenues" (\$216 billion); "reinsurance and risk adjustment collections" (\$184 billion); fees on certain manufacturers and insurers (\$165 billion); "penalty payments by employers" (\$106 billion); "other revenue provisions" (\$87 billion); and, an excise tax (40%!) on high-premium insurance plans (\$111 billion).

Americans are holding on to the fairy tale that someone else will be paying these taxes -- those rich pharmaceutical and insurance companies, for instance. In fact, all costs will be passed along to consumers/patients in the form of higher premiums and higher costs for drugs and medical devices. According to the Cato Institute, the top 1% of income earners can expect tax hikes of up to \$52,000/year, but the bottom 99% will also feel the pain -- and lack the discretionary income to absorb the taxes.

There are at least twenty new taxes included in PPACA. Seven of them will directly impact the people whose taxes Obama promised not to raise: those making less than \$250,000 per household. Below is a summary of the new taxes on the middle class:

1. The Individual Mandate Tax -- In 2014 this penalty will hit all Americans who are not covered by a private health insurance policy, Medicaid, Medicare, or other

public insurance program. The penalty requires a couple to pay the higher of a base tax of \$1,360/year, or 2.5% of adjusted growth income (AGI). In 2016 the cost of not being part of Obamacare is \$695 for individuals and \$2,085 for families.

2. The Medicine Cabinet Tax -- This tax (begun in 2011) prohibits reimbursement of expenses for over-the-counter (OTC) medicines, with the exception of insulin, from an employee's Health Saving Account (HSA), Flexible Spending Account (FSA), or Health Reimbursement Account (HRA). This impacts the shrinking middle class hard, since they earn enough to actually pay federal taxes, but not enough to make this a negligible restriction. This is also another backdoor attempt to block access to alternative medicines (vitamins and nutritional supplements).

3. The FSA Cap -- This tax scheduled to begin in 2013 is potentially one of the most harmful to middle class people, as it imposes a cap of \$2,500/year (it's now unlimited) on the amount of pre-tax dollars that can be deposited in these accounts. Why so harmful? It is because funds in these accounts can be used for special needs education for special needs children. Tuition rates for such special education can readily exceed \$14,000/year and the use of pre-tax dollars has helped many families over the years.

4. The Medical Itemized Deduction Hurdle -- Presently, one must have medical itemized deductions of greater than 7.5% to deduct them on federal income taxes. Obamacare raises the bar to 10% of AGI beginning in 2013.

5. The HSA Withdrawal Tax -- This tax increases the additional tax on early non-medical withdrawals from these types of accounts from 10% to 20% in 2013.

6. The Indoor Tanning Services Tax -- Begun in 2010, this provision added a 10% excise tax on people using tanning salons. Some may consider this minor, but it is another attempt by the Ruling Elite to control the behavior of the peasants and, I believe, to put a road block to accessing beneficial light therapy for many people. Space does not permit exploring this much further here, but suffice it to say that there are many potential health benefits from the use of tanning beds when properly used. A variety of conditions, from depression (Seasonal Affective Disorder or SAD) and related mood disorders to psoriasis, are improved by the judicious use of tanning type beds. I can hear my Dermatology colleagues groaning now, but the over-reaction to increases in skin cancers by banning tanning beds and slathering often-toxic sunscreen on everyone has led to an even worse epidemic of Vitamin D deficiency, in my opinion. The latter problem, of course, can be directly linked to explosions in the numbers of Type II diabetics, cancers of many types, and respiratory infections (such as, influenza).

7. The Excise Tax on Comprehensive Health Insurance Plans or the "Cadillac" Health Insurance Plan Tax -- So-called Cadillac plans are generally fully paid for by employers. This tax, delayed until 2018 to protect Obama's union supporters, will impose a 40% excise tax on the recipients when fully enacted.

There are at least 13 other significant taxes imposed on all businesses, employers, and "high income" individuals (\$125,000/year) and families (\$250,000/year) within PPACA. A summary of these other taxes and the history behind Obamacare can be found at Wikipedia. It is worth taking time to review this entry, so that one can understand how invasive and costly this legislation really is.

For "low income" individuals and families, subsidies for insurance obtained from "insurance exchanges" will be provided for those between 100% and 400% of the Federal Poverty Level (FPL). For example, the 2016 FPL is projected to be \$11,800/year for an individual and \$24,000/year for a family of four. DHHS and CBO estimate that the average annual premium cost for a family of four without PPACA would be \$11,328/year. With PPACA in place as presently enacted, the same family at 200% of FPL would be paying \$2,778/year out of pocket and at 400% of FPL, \$8,379/year. In participating states, Medicaid eligibility will be expanded to all individuals and families earning up to 133% of the FPL. The Wikipedia entry referenced above contains several tables that explain this in more detail.

The Internal Revenue Service will be the implementer and enforcer of PPACA (up to 16,000 new agents). The Act will be partially paid for by taking \$716 billion from Medicare and Medicaid; AARP claims that the money is taken from doctors and hospitals, but the lower payments to health care providers will reduce the services that Medicare patients receive.

The Congressional Budget Office reports that costs will rise for all Americans; and, more than 30 million will remain uninsured when Obamacare is fully implemented. The CBO further predicts that the average family's insurance premiums will rise at least \$2500/year, in spite of candidate Obama's repeated promises that they would go down that same amount. Be of good cheer, however, as all illegal immigrants will be exempt from the health insurance mandate and, yet, will remain eligible for emergency services under the 1986 Emergency Medical Treatment and Active Labor Act (EMTALA).

As a kid (and, I confess, as an adult) I always loved the 1950's science fiction thrillers. One of the classics from that era is "The Blob" (1958). Though silly in many ways, it remains metaphorically appropriate today. Starring a young Steve McQueen, the story revolves around an extraterrestrial bit of alien protoplasm that arrives on Earth via a meteorite. This goo proceeds to engulf every living thing that comes in contact with it until it fills the town's cinema and engulfs the local diner. In this thriller, the Blob is finally defeated by freezing it with CO2 bottles and the U.S Air force airlifts the blob to the arctic. Problem solved -- at least, until global warming kicks in.

In reflecting on Obamacare over the past few months, I have been unable to discover any such easy solution for eliminating PPACA.