

Obamacare: A Six Month Checkup

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by Gary Palmer

It has now been just over six months since Congress passed the Patient Protection and Affordable Care Act, or Obamacare. This is the bill that most members of Congress admitted they did not read. This was also the bill that led Democrat Speaker of the House Nancy Pelosi to famously declare "... we have to pass the bill so that you can find out what is in it."

So, where are we now that we've had six months to find out what is in it? We now know that the Democrat majority in Congress sold us a budget-busting, deficit-expanding bottle of snake oil labeled 'health care reform.'

Insurance companies are already starting to raise rates because provisions included in the new law are taking effect. The Birmingham News recently reported "The new federal health care law is starting to have an impact on insurance premiums in Alabama as companies raise rates or anticipate raising them in the future."

Health care policy expert Michael D. Tanner of the Cato Institute reports that premiums are projected to go up by as much as nine percent nationally in individual and small-group markets in 2011, and some will see hikes of 20 percent or more.

One immediate cost increase is the additional cost of allowing adult children up to age 26 to remain on their parents' health insurance plan. The Department of Health and Human Services (HHS) estimates that this will cost \$3,380 per year, with most or all of the cost being paid by the parents because companies are reluctant to pay for the additional coverage.

To be fair, not all of the immediate rate increases are because of the new health care law. But future increases as a result of the new law will cause millions of people to lose their employer-provided health care coverage.

When Obama and the Democrat leadership in Congress were trying to convince members of Congress to vote for their bill they claimed that the bill would not increase the deficit. But six months later, it is now very evident that their projections were either wrong or a complete misrepresentation of the facts. Independent expert analysis of the new law indicates that it will cost about \$2.7 trillion over the first ten years and will add over \$350 billion to the federal deficit.

Remember Obama's promise "If you like your health care plan, you can keep your health care plan"? According to a study by Avalere Health, a leading private research firm founded by a former Clinton Administration official, when all the changes are taken into account as many as 3.7 million seniors will have to switch their prescription drug plan.

In addition, approximately half of all seniors enrolled in Medicare Advantage will lose that coverage and be forced in regular Medicare. The Office of the Actuary at the Centers for Medicare and Medicaid Services report that cuts mandated by the new health care law will cut enrollment in Medicare Advantage from 14.8 million to 7.4 million over the next seven years, including 45 percent of Alabama seniors enrolled in Medicare Advantage who will lose their coverage.

Moreover, new projections indicate that by 2019 cuts of \$86.4 billion in Medicare funding will reduce services by \$1,428 per elderly patient. This means that even those who are able to keep Medicare Advantage will have fewer benefits.

Senior citizens are not the only ones who will be forced to make changes. According to the Cato Institute's Tanner, a memo leaked from HHS estimates "... that as many as two-thirds of all businesses and 80 percent of small businesses will be forced to change their plans to comply with the government's new rules."

Finally, the new health care law will result in a massive expansion of state Medicaid programs. A report from the Heritage Foundation estimates that state caseloads will rise from a low of 8.7 percent increase in Massachusetts to a 65.6 percent increase in Nevada. Almost 247,000 people will be added to Alabama's Medicaid caseload in four years when the new law is fully implemented. This will increase Medicaid spending by more than \$425 million. Alabama is already severely short in its Medicaid funding so the people of Alabama should brace themselves for tax increases to help pay for all the new enrollees.

Given what we have learned in the six months since the passage of Obamacare, it is no wonder that the majority of Americans hope that six months from now, the next Congress will have repealed this massive government takeover of the American health care system.

Gary Palmer is president of the Alabama Policy Institute, a non-partisan, non-profit research and education organization dedicated to the preservation of free markets, limited government and strong families, which are indispensable to a prosperous society.

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