NATIONAL REVIEW ONLINE

Lying about Lies

President Obama is now dishonestly defending his dishonest assertions.

By Michael Tanner

November 13, 2013

In politics today, the terms "lie" and "liar" tend to be used far too casually. If a politician makes a mistake, says something that later turns out to be incorrect, or even says something we disagree with, we all too quickly break out the "L" word. But President Obama's promise that "if you like your health-care plan, you'll be able to keep your health-care plan, *period*" really does amount to deliberate dishonesty.

The president has now apologized — sort of — for misleading people. But such protestations would be far more credible if the president and his administration didn't continue saying things that are, let us generously say, inaccurate. For example:

It's the insurance companies' fault.

The Obama administration continues to suggest that it's not the health-care law that is causing people to lose their current plan, but rather unscrupulous insurance companies, which are canceling plans for reasons unrelated to Obamacare.

That's nonsense. The genesis of the cancellations start with the law's individual and employer mandates. If the government is going to require you to buy or provide insurance, then it must define what is and is not insurance. This is only logical. If a person could theoretically pay $1 for an insurance plan with a $10 million deductible, it would defeat the whole purpose of the mandate.

Many of the benefits that Obamacare requires are already included in nearly all insurance plans, such as outpatient care, emergency-room treatment, hospitalization, and laboratory tests. Others, however, are less common: maternity and newborn care, mental-health and substance-abuse treatment, prescription drugs, rehabilitative and habilitative services, a wide variety of preventative and wellness services, chronic-disease management, pediatric services, and dental and vision care for children.

It is true that, as the president says, those individuals and businesses who had insurance prior to March 23, 2010, are "grandfathered in," meaning they theoretically do not have to change their current insurance to meet the new minimum benefit. However, if there has been any "substantial change," whether instigated by insurers by or the purchaser, to the plan after March 2010, or there is any such change in the future, the plan loses its grandfathered status and can no longer be sold by the insurer.

The law did not specify what would be considered a substantial change, but the Department of Health and Human Services subsequently issued regulations defining substantial change as cutting or reducing benefits, raising co-pays by more than $5 (or the rate of medical inflation), increasing deductibles over a certain threshold, lowering employer contributions, or raising coinsurance charges.

Such minor changes are a normal part of the insurance-renewal process. Previously, they would have gone essentially unnoticed by consumers. Today, they force a wholesale redesign of the policy. Insurers may be technically responsible for the cancellations, but their hands are forced by the law.

Moreover, in some localities — notably California, Idaho, Kentucky, Vermont, Virginia, and the District of Columbia — insurance companies were actually prohibited from participating in the state insurance exchanges unless they agreed to immediately cancel all non-ACA-compliant insurance plans sold in the state. As a spokesman for California's Anthem Blue Cross explained, "In order to participate in Covered California as a qualified health plan, the contract required us to cancel non-ACA-compliant plans on December 31."

The cancellations will affect only a small number of people, those who buy individual policies.

In making this claim, the president focuses on the individual market, which he accurately notes covers about 5 percent of Americans. Still, that is about 14 to 15 million people. So far, as of mid November, roughly 4.8 million individual insurance plans have been canceled, with most estimates suggesting that as many as 10 million will eventually lose their current coverage.

But the same conditions that are causing the cancellation of individual policies will eventually result in the cancellation of millions of employment-based policies as well. The only reason that hasn't happened yet is that the employer mandate was postponed for a year, so employer plans don't yet have to be ACA-compliant. But they will. Even the Congressional Budget Office estimates that as many as 20 million workers will lose their current employer-sponsored plans. Combine that with those losing individual plans, and more than 30 million Americans cannot keep their current insurance.

It could be far more. As Avik Roy of the Manhattan Institute points out, some 51 percent of the employer-based insurance market will lose grandfathered status and need to make changes to comply with Obamacare provisions. That could mean that, in total, as many as 93 million will lose their insurance. That's not exactly "a few."

The policies being canceled are "substandard," offering few if any real benefits.

No doubt some of the canceled policies really did offer few benefits. For example, the roughly 106,000 mini-med policies discontinued in New Jersey did not provide coverage for outpatient drugs, prenatal care, or ambulance services, and covered only $700 per year for doctor visits. But there is no evidence that most canceled plans offered so little protection.

According to HealthPocket, a health-insurance consulting firm, fewer than 2 percent of individual plans on offer today meet all ACA requirements. The most frequent reason for noncompliance was not a failure to cover hospitalization, as the administration has suggested, but not providing pediatric care, including vision and dental care for children. A worthwhile benefit, perhaps, but if you are childless, it’s hard to see how lacking such a benefit makes your policy subpar.

As for employer plans, mini-med plans such as those in New Jersey make up less than 1 percent of plans. Most employer plans fail Obamacare compliance simply because they do not offer one or more of the ACA-specified benefits, such as maternity care or alcohol rehabilitation.

There may well be actuarial and “pooling” arguments for why such benefits should be part of insurance plans, but that doesn’t mean teetotalers forced to change plans because their current policy does not cover alcohol-rehabilitation services found their plan inadequate.

You will get a better and cheaper plan instead.

Having reluctantly admitted that some people will not be able to keep their current plans, the administration fell back to claim that customers will get even better plans to replace them — not just better, but cheaper too. (No doubt they will also throw in a set of Ginsu steak knives.)

Of course “better” is a subjective term. Certainly many of the new plans will be more comprehensive, offering benefits that were not included in the canceled plans — but if those benefits are useless to the customer, it’s a stretch.

People also might not consider a plan better if it no longer provides coverage for their current doctor. Changing insurance plans, even at the same employer, means a new network of covered providers; not every plan includes every doctor. But the problem is more pronounced for those forced to buy a new plan through an exchange. Insurance plans available on the exchanges — and in most states the number of insurers providing them is extremely limited — have been rapidly dropping doctors and hospitals from their networks.

As for “cheaper,” that’s even more debatable. Additional benefits generally come with a higher cost. For those receiving their insurance through work, some of the increased cost may be passed along directly to the employees in the form of higher premium contributions. Other costs may be initially borne by the employers but offset through lower wages.

Those who must buy insurance through exchanges will, of course, have some of the increased cost shifted to taxpayers through federal subsidies. However, even with those subsidies many, especially middle- and upper-income earners, may find themselves paying more. (Subsidies begin to phase out rapidly above 250 percent of the poverty line.)

So not quite cheaper and better after all.

He meant it when he said it.

Somehow the president continues to insist that he really was telling the truth when he promised that you could keep your plan — dozens of times — and is just as shocked as anyone else to find out that you can’t. This, despite the fact that his aides debated, both publicly and privately, about whether or not he should say something so demonstrably untrue. When you start lying about your lies, there really is a problem.