



## **Obamacare: A Famous Victory**

Obamacare's supporters are lauding its dramatic turnaround. The facts give them the lie.

By Michael Tanner

In the month since the formal end of Obamacare's enrollment period (actual enrollment limped on through mid-April), the Obama administration and its supporters have been on something of a victory tour.

"Obamacare has won," announced Ezra Klein. "The Affordable Care Act is one of the great comeback stories of public policy," declared Paul Krugman. "It is working," the president himself told reporters.

Given the debacles of healthcare.gov and the initial rollout of the health-care exchanges, the fact that slightly more than 8 million Americans have signed up for exchange-based plans is a significant accomplishment. In addition, a few million more Americans have enrolled in Medicaid, and some more young people were able to remain on their parents' insurance policies. Certainly, things could have been worse.

But if this is victory, I'd hate to see defeat.

Let's start with that 8 million figure.

Republicans were a bit premature last week when they jumped on the House Energy and Commerce Committee's report stating that more than a third of enrollees had not paid their first month's premium. That number was skewed by the surge of late enrollees, many of whom had not even received their first bill and so obviously hadn't paid. However, the administration can't be let entirely off the hook, since it has steadfastly refused to provide any information on actual payment rates. Its insistence that insurance companies won't provide it with those data is risible. On the basis of earlier numbers, it seems likely that 15 to 20 percent of those signing up will never pay, and perhaps 3 to 5 percent will ultimately stop paying and drop their coverage.

Moreover, we still don't know how many of those signing up through the exchanges were previously uninsured, as opposed to people voluntarily or involuntarily switching plans. We do know that as many as 6 million Americans lost their coverage because it was not compliant with Obamacare's many mandates, and that perhaps 1 million of those remain uninsured. How many of the rest bought new coverage through an exchange remains murky, though some estimates suggest that the majority of these people found new insurance through the exchanges or Medicaid, or from an employer.

Enrollment also varies significantly from state to state. There is no doubt that some states were very successful in getting people to sign up. Nearly 48 percent of Obamacare enrollees come from just five states: Florida, Texas, New York, California, and North Carolina. On the other side of the coin,

Massachusetts has reached only 12.7 percent of its initial enrollment goal, Oregon 29 percent, and Maryland 45 percent.

Putting it all together, and including those on Medicaid and those remaining on their parents' policies, the administration may have succeeded in covering 20 percent of the 48 million uninsured Americans. That's not much to cheer about.

In addition, the Congressional Budget Office projects that for Obamacare to reach its intended targets, exchange enrollment will have to more than triple by 2016. This seems like a pretty tall order. And even this would cover only about half the uninsured.

It's not just the raw number of enrollees that is cause for concern, but *who* is signing up. Since Obamacare depends on overcharging the young and healthy to subsidize the older and sicker, it needs roughly 40 percent of enrollees to be in the 18-to-34 age group. We don't yet know the health status of those signing up, although evidence from pharmaceutical-purchase patterns analyzed by Express Scripts suggests that enrollees are less healthy than the population at large. Preliminary surveys of self-reported health status seem to corroborate these findings. For example, a Gallup survey found that just 37 percent of exchange enrollees reported they were in excellent or very good health, compared to 50 percent of the population at large.

Meanwhile, we do know that just 28 percent of those signing up were 18 to 34, meaning that Obamacare missed its target by almost a third. Some states missed by even more. Only 20 percent of those enrolling in Hawaii were "young invincibles," and just 21 percent in Arizona.

Obamacare also seems to be falling short of its goals when it comes to controlling health-care costs.

It was not so long ago that the administration was bragging that Obamacare was reducing the growth in health-care costs even before it was fully implemented. However, health-care expenditures grew 9.9 percent on a year-over-year basis last quarter, the biggest increase since 1980. Some of the rise is probably attributable to the economic recovery, just as some of the prior slowdown was due to the recession. But most observers also attribute much of the rise to increased utilization caused by Obamacare itself. This really shouldn't be much of a surprise. If you give more stuff to more people, you can expect it to cost more.

Even the Obamacare website is still not fully working. The system's "back end" is a tangle of technical workarounds moving billions of taxpayer dollars and consumer-paid premiums between the government and insurers. Some crucial components remain under construction, including those essential for accurately paying insurers. Experts say the longer these components take to fix, the likelier it is that there will be accounting problems that could leave taxpayers on the hook for higher premium subsidies or health-care costs.

Perhaps this is why, despite the Obamacare supporters' claims of victory, the public remains decidedly unconvinced. According to the most recent poll from the Pew Research Center, 55 percent of voters disapprove of Obamacare, while just 41 percent approve. That's a bigger margin of disapproval than when the law was first passed back in 2010.

After being told that he had won the battle of Asculum in 279 b.c., the Epiriot king Pyrrhus was reported to have looked over his massive casualties and replied, “Another such victory and I am undone.”

Heading into this fall’s midterm elections, that is a thought Democrats should keep in mind.

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