

Nothing to Show for Obamacare

For all its costs, very few Americans have gained coverage thanks to the law.

By Michael Tanner

As Obamacare stumbles into its first full year of implementation, it leaves behind it a trail of broken promises. There was, of course, the promise that “if you like your health care plan, you can keep it.” There was the equally emphatic “if you like your doctor, you can keep your doctor.” And let’s not forget the president’s promise that health-care reform would “bring down premiums by \$2,500 for the typical family.”

Now it appears another Obamacare promise is falling by the wayside: universal coverage.

From the beginning President Obama claimed that health-care reform “should mean that all Americans could get coverage.” And as recently as last November, the president was telling supporters that Obamacare had made “universal health care” a reality.

Of course, the actual reality was that Obamacare was never going to cover everyone. The Congressional Budget Office estimated that by 2023, Obamacare would still leave some 31 million Americans uninsured. That’s more people with insurance than we have today, no doubt, but far from universal coverage.

But now, the most recent enrollment data suggests that the health-care reform law will fall far short of even that modest achievement.

According to the administration, roughly 2.2 million people have signed up for health insurance through the program so far. An additional 3.9 million people have been enrolled in Medicaid. With 50 to 60 million uninsured Americans, by the most generous reading of the administration’s own numbers, Obamacare has at most covered 11 percent of the uninsured so far. Not a lot of bang for the buck.

But let’s look more closely at those numbers. First, the administration’s claim that 2.2 million Americans signed up for insurance includes all those who have picked an insurance plan, even if they haven’t yet paid for it. This is sort of like Amazon’s counting as a sale everything someone puts in his “shopping cart.” So far, between 66 and 70 percent of enrollees have probably actually paid their first month’s premium. Looking at fully paid enrollment thus cuts the private-insurance number down to roughly 1.55 million.

But wait: It also appears that most of those Obamacare enrollees were not previously uninsured. A survey by the management-consulting firm McKinsey & Co. found that just 11 percent of those purchasing insurance under Obamacare didn’t have coverage beforehand. Some were among the 5 to 10 million people who had their plans canceled because they didn’t meet

Obamacare's standards — meaning they were simply forced to purchase new, often more expensive, plans. Others were dumped from their employer coverage because Obamacare was driving up premiums. Of course, some previously insured people are happy to buy exchange plans, because taxpayer-funded subsidies made them a cheaper option.

If the McKinsey estimates hold true, it would mean that as few as 170,000 previously uninsured people had enrolled and paid for insurance under Obamacare.

Moreover, we should probably subtract from the above numbers the roughly 500,000 Americans who, by the White House's own count, lost insurance coverage because of Obamacare and have not yet found new coverage.

This is a worse-case reading of the numbers, but it is at least possible that Obamacare has, so far, resulted in some 330,000 *fewer* Americans having private health insurance.

And that's just the tip of the iceberg. The 55 percent of Americans who get their insurance at work have been largely unaffected so far. But ACA provisions similar to those that have resulted in the cancellation of individual policies will start to affect employer-sponsored plans over the course of 2014, as employer plans expire. By some estimates, as many as 78 million workers could be affected. Most of those with canceled employer policies will ultimately end up with similar, if more expensive, policies from their employers, but some will simply end up uninsured.

Some Obamacare supporters argue that we should also count some of the approximately 6.6 million people aged 18 to 26 who have stayed on their parents' policies. Slightly more than half of those had previous coverage, but still, according to a survey by HHS, about 3.1 million Americans in this age group gained coverage after the law's requirement went into effect in September 2010. There are no good data specifying how many gained coverage from going on their parents' plan as opposed to some other mechanism, such as getting a job, but if even half did, that would be 1.5 million more people with insurance because of Obamacare. That's a good thing for the most part, I guess, but it's something that might have been possible without remaking the entire American health care system.

But at least there are all those new Medicaid enrollees, right?

Maybe not. An outstanding analysis by *Washington Post* "fact checker" Glenn Kessler points out that the administration's count of 3.9 million Medicaid enrollees includes people who would have been eligible for Medicaid even without the expansion of the program Obamacare has paid for. Indeed, about half of new Medicaid enrollees are in states that chose *not* to expand Medicaid under the law. Some of this is due to Obamacare's promotional efforts, probably, but much of it is also just normal, annual Medicaid enrollments. Kessler concludes that, until CMS releases more complete information at the end of March, no one will really know how many Medicaid enrollees can be traced to Obamacare.

Indeed, at least some new Medicaid enrollees may well have been previously insured. Surveys by the Robert Wood Johnson Foundation and others have long documented a "crowd out" effect

from Medicaid expansion, as both individuals and employers choose taxpayer-funded Medicaid, which has no premiums, over more costly private insurance.

One might also question whether enrolling more people in Medicaid is really accomplishing anything anyway: Evidence from an assessment of a randomized expansion of Medicaid in Oregon has so far shown no improvement in physical-health outcomes thanks to the insurance. It has, however, shown that enrolling more people in Medicaid increases rather than decreases emergency-room utilization.

Throwing all this into the hopper, a good guess would be that Obamacare may have resulted in a very small increase in the number of Americans with insurance coverage — nearly all of that coming from the Medicaid expansion and allowing young people to stay on their parents' policies.

All that for the low, low price of just \$2.4 trillion over the next ten years, the cancellation of millions of insurance plans, millions of Americans' losing access to their current doctors, and much higher premiums.

Universal coverage? More like universal pain.

— *Michael Tanner is a senior fellow at the [Cato Institute](#) and author of [Leviathan on the Right: How Big-Government Conservatism Brought Down the Republican Revolution](#).*