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## Ready or not, major health care entitlement is coming

By Dave Boyer

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Amid foul-ups, delays, confusing cost projections and a furious partisan battle over its fate, Obamacare will open for enrollment Tuesday as the first major entitlement program in a half-century.

While some portions of the unpopular law already have taken effect, the launch for enrolling people in online health insurance “exchanges” will be the real test of whether the program works as President Obama has predicted, or fails from a lack of participation.

The rollout, after computer glitches and postponed deadlines, doesn't look promising.

“You don't get a second chance to make a first impression,” said Michael Tanner, senior fellow at the Cato Institute. He said of the mix-ups. “That's not going to improve its image.”

Mr. Obama warned last week that his big product launch would come with snafus, but he said Americans ultimately will like the program when they experience its benefits and ease of access.

“If you've ever tried to buy insurance on your own, I promise you this is a lot easier,” the president said. “It's like booking a hotel or a plane ticket.”

Within minutes of his sales pitch, however, the administration revealed delays in online enrollments for employees at small companies and for Spanish-speaking consumers. Those complications followed the administration's announcement that it was postponing the startup date for larger employers for a year.

It's a balky beginning to a program that Mr. Obama is comparing to popular entitlements such as Social Security and Medicare.

“The administration's admission now is, ‘Yes, we're adding another entitlement, this time for people of middle income or lower income,’” said Paul Howard, a health care specialist at the libertarian Manhattan Institute. “The law is awfully light on cost controls and is generally going to add costs to the system rather than slow it down.”

Insurers and the administration are counting on Americans, especially healthy young people, to sign up for coverage in the exchanges to make the program cost-effective. The federal government is running all or part of the exchanges in 36 states to cover a total of about 32 million uninsured people.

But along with uncertainty about the program, young people could be turned off by the pricing, especially if they have never paid for insurance. While the administration issued a report saying premiums will be “lower than expected,” the Manhattan Institute’s research found that rates under Obamacare are likely to rise about 99 percent for young men and 60 percent for young women. In plans with the lowest premiums, out-of-pocket expenses could be as high as \$6,000 per year.

“If you’re telling young, healthy people with very low expected health care expenses that they’re going to be required to pay significant amounts of money out of pocket for coverage they’re not going to use, I think that’s going to be a bad bargain for them,” Mr. Howard said. “Especially when the penalties for not carrying coverage for the first year or two are very low.”

If young people don’t sign up in large numbers, Obamacare won’t work financially like the administration claims it will. Instead, insurers and taxpayers would be paying for a system primarily made up of older people whose medical costs are higher.

“It leads to this death spiral of adverse selection for the program,” Mr. Tanner said.

Nobody knows how much Obamacare will cost. The nonpartisan Congressional Budget Office has estimated it at \$1.9 trillion over the first decade; the Cato Institute has pegged the cost at \$2.7 trillion.

Either way, it’s clear that the health care law will become the first major entitlement program since Congress approved Medicare and Medicaid in 1965. Mr. Obama referred to his signature legacy last week as “health security.”

Ridiculing the vehement Republican objections to Obamacare, the president said the other federal entitlement programs faced opposition when they were introduced.

“Medicare and Social Security faced the same kind of criticism,” Mr. Obama said. “Before Medicare came into law, one Republican warned that one of these days, you and I are going to spend our sunset years telling our children and our children’s children what it once was like in America when men were free. That was Ronald Reagan. And eventually Ronald Reagan came around to Medicare and thought it was pretty good and actually helped make it better. So that’s what’s going to happen with the Affordable Care Act. And once it’s working really well, I guarantee you they will not call it ‘Obamacare.’”

Mr. Tanner said it is meaningless to compare Obamacare’s launch to the start of Social Security, which occurred during the Great Depression in an era without sophisticated public polling.

“Especially for Social Security, there wasn’t a lot of public dissatisfaction with it like there is with Obamacare,” Mr. Tanner said. “When Social Security was passed, most people were in favor of it, and it passed with true bipartisan support. And what criticism there was proved to be correct — it was financially unsound over the long term.”

Mr. Howard said there is a fundamental flaw in creating the entitlement of Obamacare — the other entitlement programs are racking up massive debt and Washington hasn’t reformed them.

“From the Democrats’ point of view, this is the cornerstone of liberal aspiration for the U.S., which is creating a cradle-to-grave entitlement system that protects people from risks,” Mr. Howard said. “The problem with that is the current entitlement system that we have, both Medicare for the elderly and Medicaid for low-income patients, is bankrupting the government at the state and federal level. And we’re becoming an older society, so fewer people are working and more of them are retiring and drawing down those benefits. That system is ultimately unsustainable, so it’s making a promise that can’t be kept.

“And the security, if you can’t keep that promise, is illusory,” he said.