Loose-lipped ObamaCare adviser's predictions more bad than bold, analysis shows

By Maxim Lott
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All the millions of dollars paid to Jonathan Gruber by the federal and state governments to help design and implement ObamaCare may have been a bad bargain for reasons other than MIT economics whiz's inability to stop insulting voters. His predictions, which government agencies used to make critical projections about the heath care plan, have not held up, according to an analysis.

Although President Obama has downplayed Gruber's role in crafting the Affordable Care Act, White House logs show he visited 1600 Pennsylvania Ave. more than a dozen times and was paid $400,000 for his work on the project. That followed several years of work with the state of Massachusetts, where a universal health care system implemented under former Gov. Mitt Romney has been hailed as the model for ObamaCare.

Since the passage of ObamaCare, eight states including Vermont and North Carolina gave Gruber's firm six-figure contracts to create computer models, crunch numbers and analyze data to help them implement the law. But those two states have now canned Gruber and canceled the deals in the wake of a spate of videos showing the loose-lipped academic saying the law was written in an intentionally obtuse manner and crediting “the stupidity of the American voter” with helping pass the law.

“Gruber’s comment that it was all right to mislead people to get to a desired outcome that he favored led our auditors to determine he had at least the appearance of an independence impairment,” Bill Holmes, a spokesman for the North Carolina Auditor’s office, told WRAL Thursday.

But despite Gruber's damaging comments, it had been widely assumed that he knew what he was talking about when it came to the nuts and bolts of the plan.

“I hope his modeling is better than his political communication skills,” Democratic strategist Joe Trippi said on The Kelly File Monday.

Analysis of Gruber's predictions by the conservative think tank Manhattan Institute and others casts doubt on his ability to project how the controversial law, which was signed into law in

2010, but only took wide effect last year after a long series of political and legal challenges, would play out.

Gruber Prediction: Premiums will go down

“What we know for sure the bill will do is that it will lower the cost of buying non-group health insurance,” Gruber told the Washington Post in November 2009.

Premiums rose due to ObamaCare by an average of 49 percent, according to a county-by-county analysis done by the Manhattan Institute, proving critics and insurance companies, who had said Gruber’s models were deeply flawed, correct.

“[ObamaCare] will result in individual market premiums increasing, not decreasing, as stated in the Gruber paper,” insurance company Wellpoint wrote in a 2009 paper.

Gruber had simply failed to consider key factors in the plan that Wellpoint correctly predicted would add "between 20 percent and 80 percent to the cost of premiums under reform.”

Specifically, Gruber's analysis assumed everyone would qualify for ObamaCare subsidies, the company determined. Gruber’s prediction before the Senate in 2009, that ObamaCare would guarantee “sizeable premium savings for [the] young" and that a family with income of $38,000 "would save, on average, $8,550," also failed to pan out, according to the Manhattan Institute analysis.

“RomneyCare” estimates off

Gruber’s flawed modeling dates back to his efforts to help design a universal health care law for Massachusetts, later dubbed “RomneyCare” by some, according to the Manhattan Institute.

“Jonathan Gruber at MIT devoted hours and hours to an essential econometric model,” Romney said in a speech upon passing the law.

Although it is unclear exactly which predictions Gruber’s model was responsible for, a number of RomneyCare predictions were off. The first one was a prediction that the average health care plan under RomneyCare would cost $200. It ended up costing $380. At the time, Gruber explained it this way:

“You know, we are suggesting a more comprehensive policy than the governor had originally anticipated, I think, when he said $200,” Gruber told American Public Media.

According to an analysis by the libertarian CATO Institute, other RomneyCare predictions were wrong as well.

“Gains in coverage have been overstated by nearly 50 percent, while costs have been understated by at least one-third,” the report concluded.

One prediction Gruber got right

In 2009, when President Obama repeatedly said “if you like your plan, you can keep your plan,” Gruber commented ominously on the promise.

"With or without reform, that won't be true," Gruber Told the Associated Press in June 2009. "[Obama’s] point is that the government is not going to force you to give up what you have, but that's not to say other circumstances won't make that happen."