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Healthcare: How the Reform Bill Affects Ordinary Americans

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Michael Tanner of the Cato Institute wrote a piece examining the recently enacted healthcare reform legislation. It appeared in The Daily Caller on March 24.

Tanner says, "So what happens next? Will we wake up tomorrow to a whole new health care system? Not really. In fact, most Americans will notice very little change, at least in the short term."

This is a great place to start. The reality is that very few of the purported benefits of the healthcare reform legislation take effect before 2014, while most of the tax measures being used to pay for those benefits begin immediately. It was the only way to make the math even remotely acceptable: 6 years of benefits for 10 years of payment.

Tanner continues, "For example, anyone expecting their insurance premiums to go down is going to be sorely disappointed. The rate-setting commission that President Obama briefly discussed did not make it into the final version. Other cost-containment proposals either are non-existent, or don't take effect for many years. In fact, the congressional Budget Office predicts that, despite passage of this bill, insurance premiums will double in the next few years. Worse, for the millions of Americans who get their insurance through the individual market, rather than from an employer, this bill will raise premiums by 10-13 percent more because of this bill."

How will the electorate react to that? What happens when you add steadily increasing health insurance premiums to a continued high unemployment rate (because the Obama administration chose to focus on healthcare instead of jobs)? Will there be a revolt in November? In 2012?

Tanner goes on, "Nor will we have achieved universal insurance coverage. It is predicted that the bill will eventually result in some 32 million more Americans becoming insured (still leaving some 21 million uninsured). But that wouldn't be achieved until at least 2019. For most people who are uninsured today, they will still be uninsured tomorrow."

That's what happens when you backload the benefits. What benefits do start right away? Senior citizens are about to get a check for \$250. Kids can now stay on their parents' health insurance plan until they turn 26. There will be some small business tax credits next year. Other than that, there's not much going on in the way of benefits for a few years yet.

Tanner says, "The biggest changes start in 2014. For example, that's when the individual and employer mandates start. Every individual will have to have a government-approved health insurance plan or pay a penalty equal to one percent of his or her income. The next year the penalty will increase to two percent. And in 2016, it reaches 2.5 percent of income or \$2,085 per person, whichever is greater. Owners of businesses with more than 50 workers who fail to provide insurance to low-wage workers would face penalties of \$2,000 per employee. Of course, subsidies also begin in 2014. Households with incomes up to 400 percent of the federal poverty level (\$88,200 for a family of four) will receive subsidies for at least part of their insurance costs. Medicaid will also be expanded to cover single men and others earning up to 133 percent of the poverty level."

Why even have a poverty level as a measure if we are going to provide government benefits to folks who make 4 times the level?

Tanner concludes, "Of course, there will be other effects that are less visible and less easy to predict. There will be slower economic growth and fewer jobs as a result of the higher taxes. There will be gradually increasing government interference in the practice of medicine. There may or may not be promised cuts in Medicare. But any way you look at it, our grand experiment with health care reform has just begun."

http://www.cato.org/pub_display.php?pub_id=11615

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Nora J A. Mar 27, 2010, 3:01pm EDT

Amazing, isn't it? Tanner failed to mention the total indebtedness with an estimated \$800 billion interest rate to underwrite the whole thing over a ten year period. Also, there was no mention of the increase in interest for the student loans.

Thanks for a concise pictures of reality A C! Not very enticing is it?

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Pat V. Mar 27, 2010, 3:34pm EDT

Wow. This is the first time I've seen it in black and white, sans the naysayers and the left wing worshipers. It doesn't look very good regard.ess. A percentage of one's salary 2,085 per person, whichever is greater?? What kind of fair is that?



Robert G. Mar 27, 2010, 3:49pm EDT

Is that per year?

