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Healthcare Reform: Separating Fact from Fiction

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by **AC W.**

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Michael Tanner of the libertarian CATO Institute had a short piece from December 14 in which he tried to separate fact from fiction in the debate over healthcare reform. Tanner's full article can be found [here](#).

Tanner writes, "The White House Council of Economic Advisers just released a report arguing that the reforms before Congress would reduce the growth in health costs, cut the federal budget deficits and produce thousands of dollars in benefits for the average family. The problem is that just a few days earlier a report from the president's own chief health care actuary concluded that the bill the Senate is considering would actually increase U.S. health spending by \$234 billion over the next 10 years and hurt seniors' access to care." Tanner then presents five fictional claims, or whoppers, as he refers to them, and his own take on them.

Number 1: Health care reform will reduce your insurance premiums. Tanner says, "According to the Congressional Budget Office, the Senate bill does little or nothing to reduce insurance premiums. Even if the bill passes, premiums will roughly double by 2016, and keep rising after that. But for millions of Americans, the Senate bill will actually make things worse. According to the CBO, the bill would actually increase insurance premiums by 10 to 13 percent for Americans who don't receive insurance from their employers and buy their own insurance. These increases are over and above any increases that would occur if we did nothing."

So, in other words, when it comes to cost control doing nothing is better than passing the Senate bill. Got it.

Number 2: Middle-class taxes won't be raised. This one gets to a core Obama campaign promise. Remember when he said no middle-class taxes would be raised? Not income, not capital gains, not any taxes. Well, Tanner says, "The Senate bill raises at least 15 new or increased taxes totaling more than \$493 billion. While some, like the increase in the payroll tax, would primarily hit the wealthy, many would fall solidly on the middle class. For example, the bill includes a 40 percent excise tax on so-called 'Cadillac' insurance plans, that is, insurance that is more generous than the government thinks it should be. According to the CBO, roughly 19 percent of workers would initially find their plans subject to the tax. However, because the tax threshold is set to increase at a rate slower than medical inflation, as time goes by more and more middle-class workers will be hit by it."

Number 3: You can keep your current insurance. Tanner says, "The Senate bill contains an individual mandate, that is, a requirement that every American must purchase health insurance. But not just any health insurance will satisfy that mandate. To qualify, a plan would have to meet certain government-defined standards. Those standards may be more expensive than your current plan, may include benefits you don't want and may even have benefits you are morally opposed to."

Number 4: It will only cost \$848 billion. My first thought was, "Since when does anything coming out of Washington cost only what they forecast up front?" Tanner writes: "The bill doesn't start spending until 2014, and only costs \$9 billion that year. By 2019, the annual cost hits \$196 billion. The minority staff of the Senate Budget Committee reports the cost is closer to \$2.5 trillion over 10 years once all budget gimmicks are factored out. If you include costs shifted to individuals, businesses and state governments, the price tag could top \$6 trillion."

Number 5: It will reduce the budget deficit. As has been well reported already, the budget deficit reduction is dependent on Congress cutting Medicare spending, something it has NEVER done. "In fact," Tanner says, "the CBO makes it clear that it will be 'difficult' to achieve the predicted savings."

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