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OPINION



Speaking Of Misinformation

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Reform: Millions of Americans finally got to hear the Democrats' pitch on health care reform, made by their top salesman. But they heard nothing new — just a lot of discredited myths recycled as the truth.

For the record, we support improving our health care system. As is, it has too many rules, too much government spending and too few market forces to keep costs low and quality high.

We spend north of \$2 trillion every year on health care — 17% of our GDP, the most of any wealthy nation. If that sounds like a lot, remember this: An estimated 47% of that already is spent by the government. And government's share will grow even without "reform."

Look closely at the plans so far to emerge from Congress. What the Democrats have proposed, in essence, is a government takeover of nearly one-fifth of our nation's economy. When brought up in Congress, this idea has been rejected repeatedly. Yet, somehow, the idea never dies.

That's why the president's speech Wednesday night was a big disappointment.

Rather than a breakthrough that would remove government's stranglehold on a once-healthy market and move us toward true reform, we heard a lot of old bromides and myths — things we just can't let go uncorrected. Too much is at stake.

So following are 15 of the biggest misconceptions — and there are many more, we assure you — that we found in the speech:

- "The uninsured . . . live every day just one accident or illness away from bankruptcy. These are not primarily people on welfare."

Actually, of the 46 million people the census estimates don't have insurance, some 20 million have incomes above average and could afford to buy it, according to a study by former Congressional Budget Office Director June O'Neill.

Of the remaining 26 million uninsured, an estimated 13.7 million are poor. They are eligible for Medicaid — the state health care programs for the poor. But many, too, are illegals — about 8 million.

Though they're eligible, research from the Blue Cross and Blue Shield Association suggests as many as 14 million uninsured Americans qualify for public coverage, but don't enroll. And as many as 6 million are enrolled, but don't report it to the government, according to the National Center for Policy Analysis.

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09/14/2009 10:00:30 AM ET

Investing Tip

Let hot tips go in one ear and out the other.



That leaves about 5 million people with no care.

By the way, according to the Census Bureau, America now has 37 million people in poverty. But Medicaid enrollment covers 55 million people — at a cost of \$350 billion a year.

Based on this, no one should be without care. Which leads us to wonder: Is nationalizing our health care system really necessary to take care of people who already have care available to them?

• "Many other Americans . . . are still denied insurance due to previous illnesses or conditions that insurance companies decide are too risky or expensive to cover."

This statement betrays a profound ignorance of what insurance is. If you can buy insurance after you've gotten sick, it's not really insurance, is it? And why have insurance at all? It's an incentive to simply wait until you get sick, then make someone else pay for it.

To see how absurd this is, let's take the same concept to auto insurance. Why not let people buy insurance after they get in an accident? One reason, of course, is it leads to fiscal and personal recklessness.

• "There are now more than 30 million American citizens who cannot get coverage . . . every day, 14,000 Americans lose their coverage."

As noted above, the bulk of the 30-plus million uninsured actually can get coverage — and in many cases, qualify for existing government programs. But how about 14,000 Americans losing their coverage each day? A little math shows this is just a scare statistic.

Multiply it out, and it comes to 5.1 million people losing coverage in a year. Sound scary? Consider that, according to the census, 46.3 million Americans don't currently have insurance — 600,000 more than last year. That means that, along with 14,000 Americans losing their coverage each day, another 12,400 Americans are signing up for it — even in the middle of a brutal recession.

Those who lose insurance do so usually because they've lost a job. Most are without insurance for a couple of months or so. The best way to boost the number of insured — and one that "costs" nothing — is to cut taxes, ease regulations and slash government spending. Those policies are all proven job creators.

• "We spend one-and-a-half times more per person on health care than any other country, but we aren't any healthier for it."

This is a non sequitur. We spend one and a half times more per person, true. But because our health care here is better. That's right — better. True, our life expectancy of 78.1 years — which is up sharply from just a decade ago — ranks us 30th in the world in longevity. But look a little closer at the data.

The U.S. homicide rate is two to three times higher than in other industrial nations. And we drive a lot more than others, so our auto fatality rate of 14.24 deaths per 100,000 people is higher than in Germany (6.19), France (7.4) or Canada (9.25). Add to this, we eat far more than other countries on average, contributing to higher levels of heart disease, stroke, diabetes and cancer.

When all those factors are figured in, according to a recent study by Robert Ohsfeldt of Texas A&M and John Schneider of the University of Iowa, Americans actually live longer than people in other countries — thanks mainly to our excellent health care.

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- Rising health care premiums are "why American businesses that compete internationally — like our automakers — are at a huge disadvantage."

Well, right and wrong. Soaring health care premiums are a problem for some. But who's to blame for this? Government health care programs, which make up 47% of all health care spending, are the biggest drivers of rising insurance premiums.

For example, Medicare forces doctors and hospitals to give patients 20% to 30% discounts on their care and drugs. Sounds great. But who pays for the "discount"? Private insurers, that's who. And they pass it on to businesses. This is yet another case of government causing a problem, then blaming the victim.

Even so, in some industries health care premiums are an enormous problem and competitive liability. This is certainly true of the auto and steel industries. But they have no one to blame but themselves.

They gave gold-plated benefit packages to their unions during the fat times, and now that times are lean, want us — taxpayers — to make good on their extravagant promises.

This is why so many big businesses support nationalized health care. It bails them out of their own bad decisions — and by those imposed by government. Just last week a congressional oversight panel announced that taxpayers were unlikely to recoup much of the \$81 billion they spent to bail out GM and Chrysler. That's another indirect health care tax your children and grandchildren will have to pay.

- "Finally, our health care system is placing an unsustainable burden on taxpayers. ... If we do nothing to slow these skyrocketing costs, we will eventually be spending more on Medicare and Medicaid than every other government program combined."

Are we supposed to believe that adding more government will bring down government costs?

Medicare is already spending more than it is taking in through payroll taxes. Medicare trustees expect the Hospital Insurance Trust Fund part of the program to be insolvent by 2019. From now through 2017, it will need \$342 billion of taxpayers' money in order to keep paying hospital insurance benefits alone. Over the next 50 years or so, Medicare's shortfall is expected to hit \$37 trillion — an almost unbelievable deficit nearly three times our current GDP.

If Medicare has done one thing, it's proved that government programs always cost more than their original projections. Citing the runaway costs of Medicare is an argument against, not for, further government intervention.

- "On the right, there are those who argue that we should end the employer-based system and leave individuals to buy health insurance on their own. ... I believe it makes more sense to build on what works and fix what doesn't, rather than try to build an entirely new system from scratch."

Discouraging employer-based coverage and encouraging individuals to buy their own insurance would help. But only if lawmakers make two real reforms, neither requiring a "new system from scratch."

First, Washington must give tax credits for premiums paid on individual policies. That would make them more affordable for more people. Second, Washington has to make it easier for Americans to have health savings accounts. HSAs hold costs down because account holders self-ration treatment. They also give people more control over their health care.

- "Nothing in this plan will require you or your employer to change the coverage or the doctor you have."

Shawn Tully, Fortune editor at large, dug into the legislation and found that for "Americans in large corporations, 'keeping your own plan' has a strict deadline. In five years, like it or not, you'll get dumped into the exchange," a government program in which heavily regulated private companies sell insurance policies.

Workers who buy their own insurance or begin coverage through small businesses will also be forced into the exchange if their plans change in any way, because it's then considered a new plan. Since plans generally change policies every year, Tully says, "it's likely that millions of employees will lose their plans in 12 months."

According to a July study by the Lewin Group and the Heritage Foundation, health reform could cause as many as 88 million Americans to lose their private, employer-based coverage.

- "If you lose your job or change your job, you will be able to get coverage. If you strike out on your own and start a small business, you will be able to get coverage. We will do this by creating a new insurance exchange."

The president says this is "a marketplace where individuals and small businesses will be able to shop for health insurance at competitive prices." But it won't be a real marketplace.

Participating insurers will be saddled with a host of mandates. Those that don't like the regulations will be left out. There'll be little room for competition.

The Cato Institute's Michael Tanner has said that "in practice, at least as demonstrated in Massachusetts," an exchange "can quickly devolve into a regulatory body."

- "Some of people's concerns have grown out of bogus claims. ... The best example is ... that we plan to set up panels of bureaucrats with the power to kill off senior citizens. ... It is a lie, plain and simple."

As far as we know, there is no provision for a death panel buried in the 1,018-page bill. But we do know how Dr. Ezekiel Emanuel, the administration's health care czar, feels about treating those who need the most help.

"When the worse-off can benefit only slightly while better-off people could benefit greatly, allocating (treatment) to the better-off is often justifiable."

So the federal government won't be actively killing the old and the sick. It will just let them die by denying them the care that will supposedly be available to every American.

- "There are those who also claim that our reform effort will insure illegal immigrants. This, too, is false — the reforms I'm proposing would not apply to those who are here illegally."

Tough words are one thing, enforcement is another. As IBD's Sean Higgins reported last week: "Some independent analysis indicates — contrary to Obama's claim — that the House health bill could result in coverage being extended to illegal immigrants."

It starts with the mandate for everyone to buy insurance, including illegals. Their choices will be presumably through the "exchange," and they won't be eligible for subsidies to buy. But the nonpartisan Congressional Research Service warns there's no verification mechanism. An amendment by GOP Rep. Dean Heller of Nevada, to use electronic immigration records to verify eligibility for subsidies, was shot down by Democrats.

Enforcement woes are nothing new. The U.K.'s nationalized system treats as many as a million illegal immigrants a year because eligibility verification at the point of service is nearly impossible. It's now giving up the ghost of trying because illegals have won the right to be treated at taxpayer expense as a "human right." That's brought new waves of "health tourism" as word spreads.

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Cabinet officials, such as Labor Secretary Hilda Solis, support union demands to give amnesty to 12 million illegals. If so, they will get public health care. And hospitals that continue to treat illegals through emergency rooms, are reimbursed through Medicaid.

- "My health care proposal has also been attacked by some who oppose reform as a 'government takeover' of the entire health care system. ... Unfortunately, in 34 states, 75% of the insurance market is controlled by five or fewer companies. ... Without competition, the price of insurance goes up and the quality goes down."

Obama is right about limited numbers of insurers in states. They're the last ones able to survive the layers of bureaucratic mandates and regulations without going bankrupt.

The fastest way to create choice for consumers isn't by adding a government option, but by breaking down trade barriers across state lines. By letting citizens buy insurance from any state, a truly competitive market can develop, with choices in coverage, service and price. It would be far better if each American could buy health insurance from any of the nation's 1,300 insurers, not just a handful in their own states.

- "Despite all this, some ... argue that these private (insurance) companies can't fairly compete with the government. And they'd be right if taxpayers were subsidizing this public option. But they won't be. ... (The public option) would ... keep pressure on private insurers to keep their policies affordable and treat their customers better"

When the government acts as both producer and regulator of its own and everyone else's products, the playing field is tilted because there's a basic conflict of interest. It's also a recipe for cronyism and corruption. Witness Fannie Mae and Freddie Mac.

We looked at the after-tax margins of some big health insurers over the last 12 months. Here's what we found: Among HMOs, Humana, 3.1%; Cigna, 4%; Wellpoint, 5%; and United Health Group, 4.4%. Broader health insurers, like Unum (8.6% after-tax margin) and Aflac (12.3%), do a bit better.

The point is, these are not outrageous profits. And the health care industry's \$13 billion in 2008 profits pale in comparison to the \$65 billion in annual fraud in Medicare alone.

- "I will not sign a plan that adds one dime to our deficits — either now or in the future. Period. And to prove that I'm serious, there will be a provision in this plan that requires us to come forward with more spending cuts if the savings we promised don't materialize."

From the folks who brought us a \$10 trillion deficit over the next decade, that's hard to swallow. The White House has assured us the public option would be funded by premiums. So, it's hard to know what he means by savings or spending cuts.

Although Medicare and Medicaid, are slated for \$313 billion in cuts, the government has yet to eliminate the \$65 billion or so that goes to waste and fraud. They don't need health reform to do that, they can do it now.

- "The only thing this plan would eliminate is the hundreds of billions of dollars in waste and fraud as well as unwarranted subsidies in Medicare that go to insurance companies — subsidies that

do everything to pad their profits and nothing to improve your care."

Speaking of waste and fraud, as we said, why can't it be done today instead of waiting for some health care reform bill to pass? The president proposes \$313 billion in Medicaid and Medicare cuts, saying \$110 billion would come from reducing scheduled increases in Medicare payments.

"That would encourage health care providers to increase productivity," White House budget director Peter Orszag told reporters. \$110 billion would come from ending payments to hospitals to treat uninsured patients. But much of that comes from treating illegals, who aren't supposed to be eligible for the public option.

Another \$75 billion would come from "better pricing of Medicare drugs," Orszag said.

What he doesn't get is that some \$10 billion of Medicare funding goes to dubious expenditures like hospitals padding bills because they are paid too little and must make up lost revenue in volume.


Cutting payments more means more padding, as the Mayo Clinic has warned. That means rationing. The Democrats' plan may not be explicitly meant to ration, but not paying a fair and market-determined price for services will ensure less of it for patients.

President Obama began his speech by noting it's "been nearly a century since Theodore Roosevelt first called for health reform" and that "nearly every president and Congress, whether Democrat or Republican, has attempted to meet this challenge in some way."

"A bill for comprehensive care reform was first introduced by John Dingell Sr. in 1943," he also pointed out. "Sixty-five years later, his son (Rep. John Dingell, Michigan Democrat now in his 28th term) continues to introduce that same bill at the beginning of each session."

Could it be, we wonder, that the reason why health reform of the kind the Dingells and Democrats have been pushing for 100 years has gone nowhere is that Americans want nothing to do with it? What is it about "No!" that they don't understand?

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Posted By: LiberalBob(10) on 9/12/2009 | 8:45 PM ET

And you propogate the "Death Panel" lie by saying "As far as we know, there's no provision for a death panel.." then assumes that Dr. Ezekiel Emanuel is going to be making life and death decisions for every doctor specifically as it relates to health care reform. Again, this is not found anywhere in the plan. But hey, that doesn't stop the flies. As to the big fib Joe Wilson told, illegal aliens are specifically EXCLUDED from this plan. You argue that the status quo allows what it already allows.

Posted By: LiberalBob(10) on 9/12/2009 | 8:26 PM ET

Flies! That's whats coming out of the republican right wing these days, f...lies! Now IBD misrepresents Obama's speech as 15 "misconceptions". More flies. Here's some examples: "the uninsured...live every day just one accident or illness away from bankruptcy. These are not primarily people on welfare" was taken to task by showing that indeed most uninsured are not on welfare!! Not one word about all of them living one accident from bankruptcy (the main point). There's more...

Posted By: jloak(5) on 9/12/2009 | 4:33 PM ET

So I guess the French could argue that taking into account that they eat more cheese, drink more wine and smoke more than in the US, they actually live longer than anybody else? What kind of argument is that!

Posted By: boma343(5) on 9/12/2009 | 8:57 AM ET

so much for "change you can believe in" Obama, Reid, & Pelosi, all liars. If it flies like a duck, walk like a duck, swims like a duck and quack likes a duck, it must be a duck.

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