

Opinion Opinion: Five Health Reform Whoppers

(Dec. 14) — When it comes to health care reform, the White House and its allies on Capitol Hill seem to live in an alternate universe.

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.

But then, reformers have generally had trouble telling fact from fiction. Among the biggest whoppers:

Health care reform will reduce your insurance premiums. 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.

Middle-class taxes won't be raised. 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 initial-

ly 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.

Middle-class taxpayers would be taxed in other ways as well. The Senate bill would require everyone to buy a government-designed insurance plan, even if it were more expensive than their current policy. Failure to comply brings a penalty of up to \$6,750 for a family of four. If the government took money directly from you, then turned around and gave it to an insurance company, everyone would agree that you've been taxed. How is that any different from the government mandating that you pay the insurer directly?

You can keep your current insurance. 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. As noted above, failure to comply brings a penalty of up to \$6,750 for a family of four.

It will only cost \$848 billion. It is true that the CBO officially scored the bill as costing \$848 billion. But much of the spending is back-loaded. 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.

It will reduce the budget deficit. The CBO does say that the bill would reduce the

deficit by \$130 billion over the next 10 years (which is less than the deficit the government ran *last month alone*). However, even that tiny savings depends on budget gimmicks and the willingness of future Congresses to make huge cuts in Medicare spending. In fact, the CBO makes it clear that it will be "difficult" to achieve the predicted savings.

"Facts," John Adams said, "are stubborn things." As the health care reform debate goes forward, it's worth keeping some of these facts in mind.

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