



# **BROKEN PROMISES**

The ObamaCare Story





IT'S GOING TO BE A  
GLORIOUS  
THING

House Speaker Nancy Pelosi

1. Stephen Dinan, "Pelosi: ObamaCare will be 'glorious,'" *The Washington Times*, December 23, 2013. <http://www.washingtontimes.com/news/2013/dec/23/pelosi-ObamaCare-will-be-glorious/>



# **BROKEN PROMISES**

## **The ObamaCare Story**

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## **ObamaCare.**

### **It's a story of broken promises.**

Formally known as the Patient Protection and Affordable Care Act, ObamaCare began life as a 2,700-page bill, written in incomprehensible legalese, in Washington back rooms, by left-wing ideologues and powerful special interests. Rammed through Congress with bribes and payoffs, few lawmakers had time to read it before voting on it. Then came 20,000 pages of regulation, 1,200 waivers for politically connected corporations and labor unions, and more than 20 presidential delays of major provisions.

Today, the results are in, and we can finally judge for ourselves the truth of its supporters' promises.

Four years ago, the overwhelming majority of Americans had some form of health care coverage. Most of us were basically happy with our plan. We were promised over and over that if we liked our plan, we could keep it. Today, millions Americans have lost their health insurance, with millions more under the gun.

Four years ago, we were promised that health care premiums would go down by at least \$2,500 for every family. Today, premiums are on average 41 percent higher.

Four years ago, we were promised that ObamaCare "wouldn't add a dime to the deficit." It has already added billions of dollars to the deficit.

Four years ago, millions of Americans and small businesses, struggling to keep their heads above water, were promised that ObamaCare would create millions of new jobs. Today, thanks to that very law, millions are losing their jobs or being shifted into part-time status, and unemployment remains stubbornly high.

Four years ago, Americans were promised that ObamaCare would be the very opposite of a government takeover of health care. "Why, it's really a free-market, conservative ideal!" Already, some impatient progressives are calling for moving past ObamaCare to the next step: a complete government takeover.

Four years ago, Americans were promised that every American would finally have affordable health care. Today, 50 million Americans remain uninsured. At least 30 million will remain uninsured in perpetuity.

These are just some of ObamaCare's broken promises.

In these pages, FreedomWorks presents the heart-breaking facts.

The harsh truth is that the happy rhetoric of ObamaCare's most enthusiastic defenders has amounted to nothing more than a tall tale. Because President Obama and Congressional Democrats couldn't — and in our view, never intended to — keep their lavish promises, millions of Americans are now losing their jobs, their hard-earned money, and their precious health care coverage.

This book is written for the American people — the true victims of ObamaCare's broken promises.



**FreedomWorks** [freedomworks.org](http://freedomworks.org)



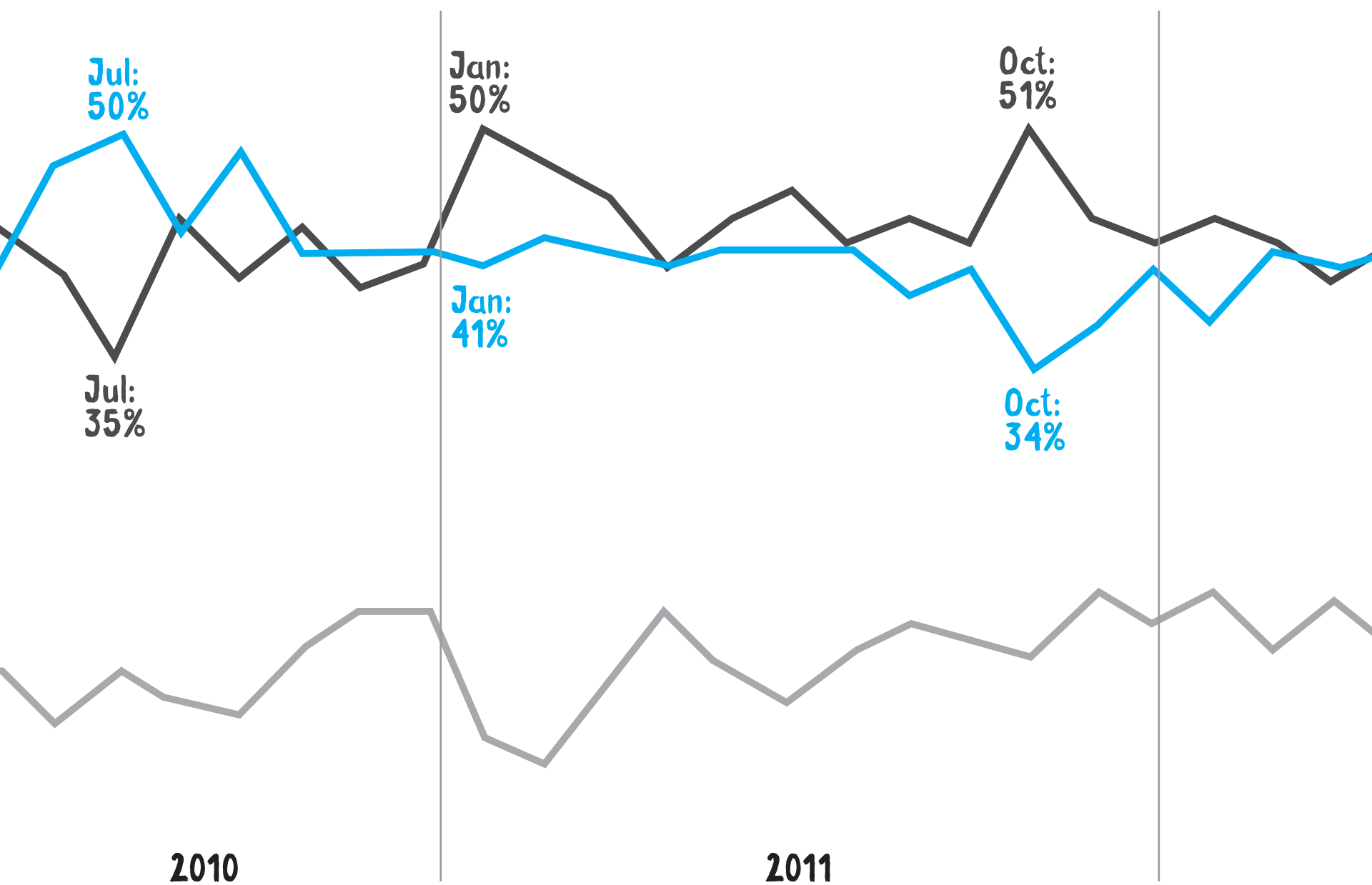
# POST-ROLLOUT SHIFT IN OPINION

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

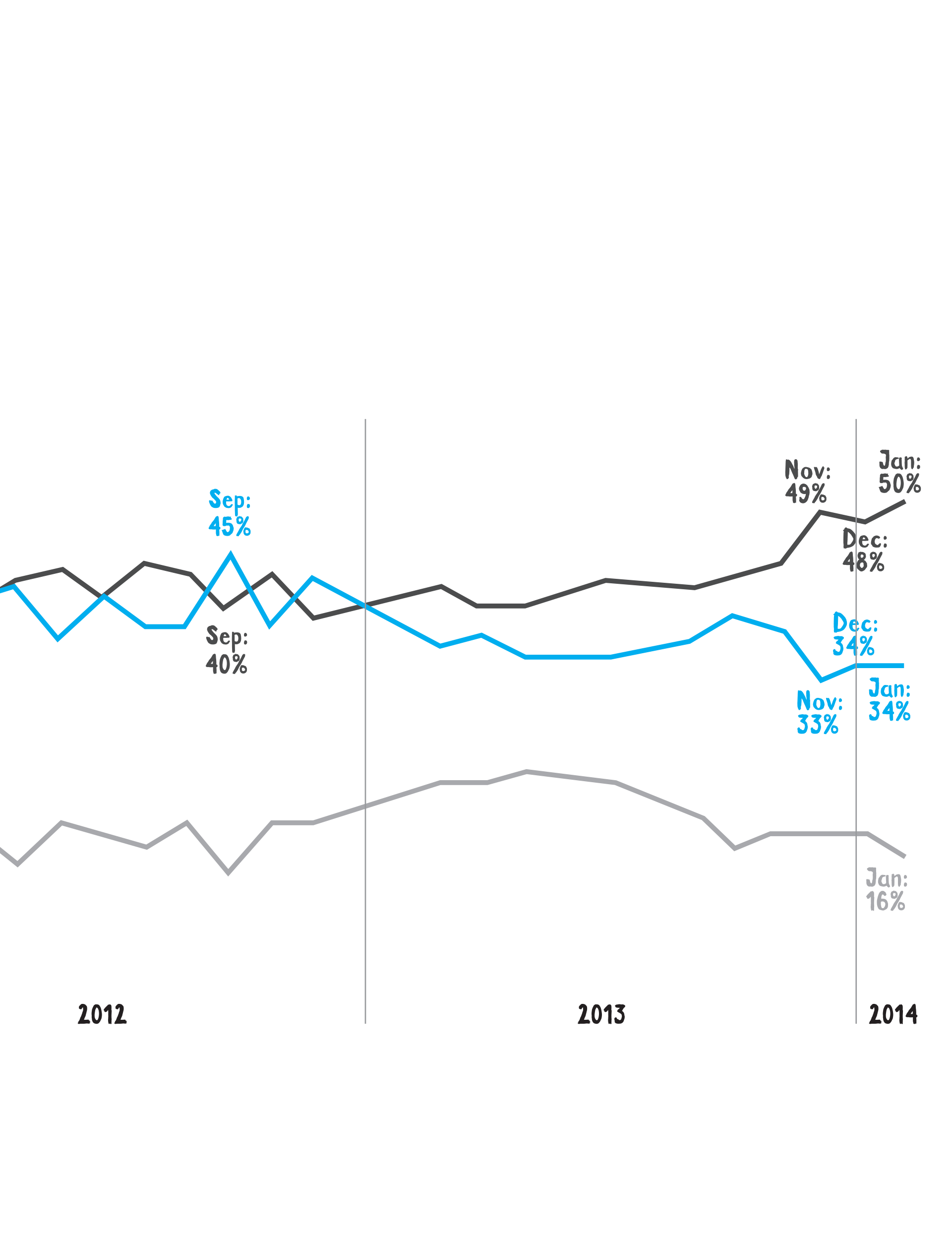
Favorable

Unfavorable

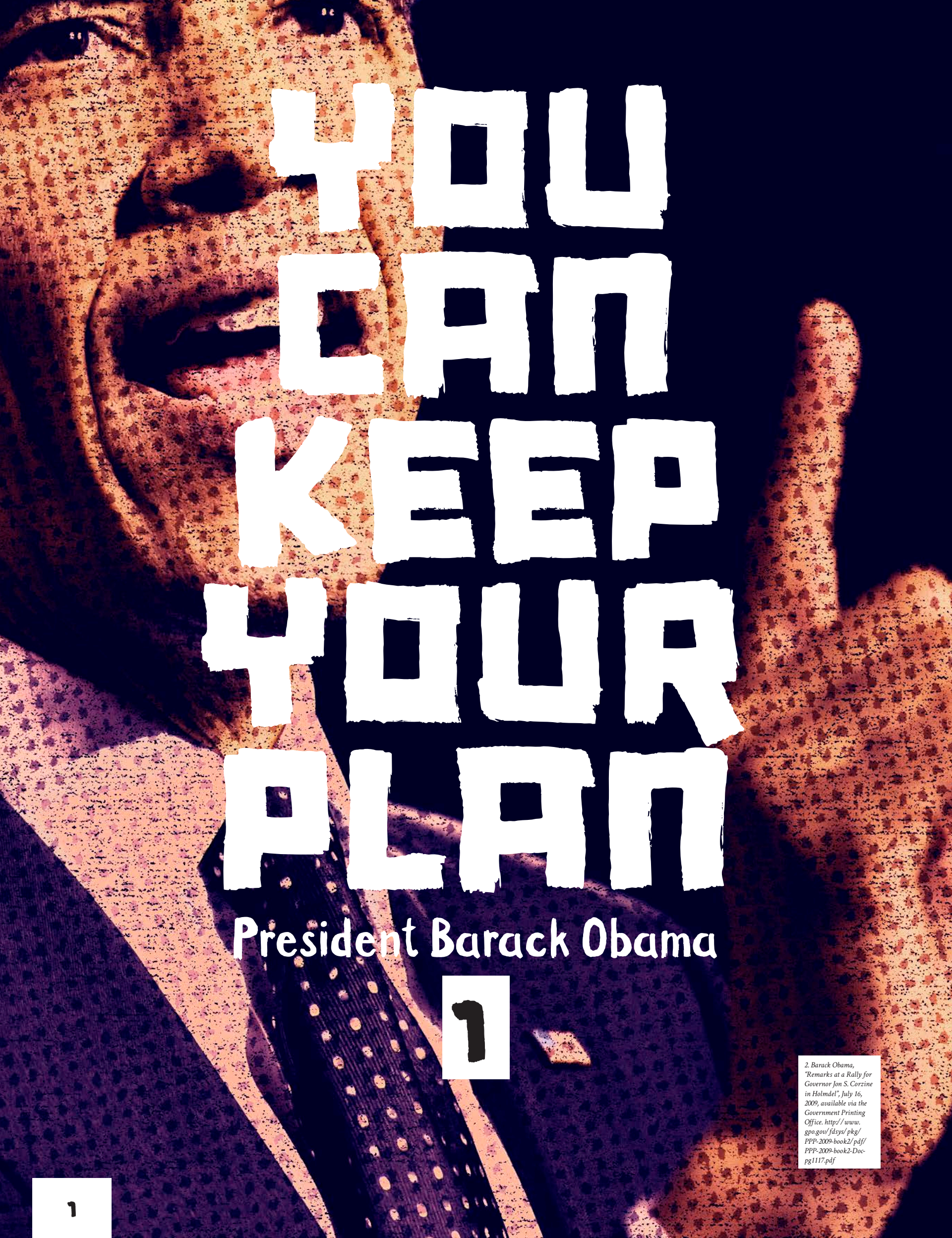
Don't Know/Refused











# YOU CAN KEEP YOUR PLAN

President Barack Obama

1

2. Barack Obama,  
"Remarks at a Rally for  
Governor Jon S. Corzine  
in Holmdel", July 16,  
2009, available via the  
Government Printing  
Office. <http://www.gpo.gov/fdsys/pkg/PPP-2009-book2/pdf/PPP-2009-book2-Docpg1117.pdf>



**"First of all, if you've got health insurance, you like your doctor, you like your plan—you can keep your doctor, you can keep your plan. Nobody is talking about taking that away from you."**

**—President Barack Obama<sup>2</sup>**

Barack Obama and his Democratic allies made repeated assurances that if Americans had health care coverage, nothing in their prized legislation would upset that status quo.

For all the problems with the American health care industry, the overwhelming majority of Americans already had health coverage they liked and wouldn't tolerate being robbed of that precious peace of mind. In 2012, two years prior to the implementation of the Affordable Care Act (ACA), the U.S. Census determined that 85 percent of the population was covered in some way, shape, or form.<sup>3</sup> The plurality of the remaining 15 percent listed reasons unrelated to the insurance industry or the reforms of ObamaCare as the reason they lacked insurance.<sup>4</sup> In total, less than five percent of the population was uninsured for the reason that ObamaCare hoped to solve: affordability.<sup>5</sup>

Nobody was talking about taking away existing insurance coverage while the president was pitching ObamaCare in 2009. By 2014, that's all that the insurance industry, politicians, the media, and the American people are talking about. Beginning in October and November of last year, those that had purchased plans on the individual insurance market began to receive something different than the usual holiday catalogs in the mail: cancellation notices.

As a direct result of the rules and regulations implemented by ObamaCare, millions of American's lost their existing health insurance plans.

The damage has been extensive. The Associated Press has been monitoring the raw number of cancellations on a state by state basis. Of the 50 states, 18 are not actively tracking insurance cancellations including major population centers like Texas, Ohio, and Virginia. In the remaining 32 states, the AP has reported that 4.7 million individuals have had their insurance policies cancelled because of ObamaCare as of the end of 2013.<sup>6</sup> The real number is most certainly higher given the number of states not reporting and the fact that initial estimates suggested as many as 16 million plans on the individual market did not meet the initial qualifications to be grandfathered in under the new ObamaCare standards.<sup>7</sup>

Plan Type	Individual + Child(ren)	Family
Individual + Child(ren)	\$1,216.28	\$1,765.82
Individual + Child(ren)	\$42.46	\$63.70
Individual + Child(ren)	\$59.88	\$91.11
Individual + Child(ren)	\$14.23	\$22.87

2. Barack Obama, "Remarks at a Rally for Governor Jon S. Corzine in Holmdel," July 16, 2009, available via the Government Printing Office. <http://www.gpo.gov/fdsys/pkg/PPP-2009-book2/pdf/PPP-2009-book2-Doc-pg1117.pdf>

3. "Income, Poverty and Health Insurance Coverage in the United States: 2012," United States Census Bureau, September 17, 2013. [http://www.census.gov/newsroom/releases/archives/income\\_wealth/cb13-165.html](http://www.census.gov/newsroom/releases/archives/income_wealth/cb13-165.html)

4. "Key Facts about the Uninsured Population," The Henry J. Kaiser Family Foundation, September 26, 2013. <http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>

5. Ibid.

6. The Associated Press, "Policy notifications and current status, by state," Yahoo! News, December 26, 2013. <http://news.yahoo.com/policy-notifications-current-status-state-204701399.html>

7. John McCormack, "Millions of Americans Are Losing Their Health Plans Because of ObamaCare," The Weekly Standard, October 23, 2013. [http://www.weeklystandard.com/blogs/millions-americans-losing-their-health-plans-because-obamacare\\_764602.html](http://www.weeklystandard.com/blogs/millions-americans-losing-their-health-plans-because-obamacare_764602.html)



# YOUR PLAN

Consider the following few scenarios

Why are existing policies being cancelled? It seems antithetical to the stated goal of the Affordable Care Act, which is to get people covered. As it turns out, the initial lie of “if you like your plan you can keep your plan” was twofold. Under the new law, every insurance plan in the country must cover all of the following 10 services deemed essential by the Department of Health and Human Services (HHS):<sup>8</sup>

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventative and wellness services and chronic disease management
- Pediatric services, including oral and vision care

These coverage requirements are the primary force driving the sweeping cancellations. As Karen Ignagni, the president of America’s Health Insurance Plans, an industry trade group representing the health care industry, said,

**“The only reason consumers are getting notices about their current coverage changing is because the ACA requires all policies to cover a broad range of benefits that go beyond what many people choose to purchase today.”<sup>9</sup>**

She touches on a critical point that has been largely overlooked when evaluating the president’s promise about being able to keep “your plan.” If the government is forcing you to buy coverage beyond your needs, is it really “your” plan?

The number of cancellations is enormous because millions of Americans don’t meet the profile of needing each of these 10 services that are now mandated to be covered. Before, federal law left people free to choose what coverage best met their needs—now a federal bureaucracy that knows little, if anything, about them is making that decision for them.

This raises questions about whether or not your next health care plan is really “your” plan at all.

If a 40-year-old woman with no history of mental health issues or use of addictive substances is forced to buy coverage for mental health and substance abuse, is that really her plan?

If a 25-year-old single and childless male is forced to purchase pediatric oral and vision coverage for children he doesn’t have, is that really a plan for him?

Consider a divorced 55-year-old man with grown children living on their own that is now forced to buy maternity and newborn care. Is this a plan neatly tailored for him?


Anyone can see that for large swaths of Americans, some of these benefits deemed essential by HHS are entirely superfluous. Yet because these services are now required to be covered under ObamaCare, not only do nearly 5 million or more Americans not have access to services they’ll never use, but are now without any coverage for the care they are likely to need.



8. “The Basics of Essential Health Benefits,” United Health Care, <http://www.uhc.com/live/uhc.com/Assets/Documents/EssentialHealth-BenefitsBasics.pdf>

9. “AHIP Statement on Consumers Keeping Their Current Coverage,” America’s Health Insurance Plans, November 14, 2013, <http://www.ahipcoverage.com/2013/11/14/ahip-statement-on-consumers-keeping-their-current-coverage/>





# THE ONCOMING TRAIN AT THE END OF THE TUNNEL

The wave of cancellations is far from over. Affordable Care Act regulations are not isolated to the individual insurance market. The same rules and regulations apply to the group insurance market, which is dominated by coverage offered by employers to their employees. With vastly more Americans receiving their health coverage via employers than by any other means, changes to this market endanger the existing plans of tens of millions of Americans.

The onslaught of group-market cancellations has yet to begin in full force, primarily for two reasons. First, small group plans, used by many small businesses, avoided compliance with some of the more stringent ObamaCare

standards by exploiting a loophole in the law. Businesses and groups that re-upped by the end of 2013 were able to lock in their plans through the end of 2014, briefly shielding them from ObamaCare regulations.<sup>10</sup>

Large employers are currently benefitting from a delay of the “shared responsibility” provision of the Affordable Care Act, more commonly known as the employer mandate. This mandate requires that employers with 50 or more employees provide affordable health care plans to their staff or face penalties. On July 2, 2013, the Obama administration announced that enforcement of this provision of the law would be delayed until 2015, while the majority

of the law took effect in earnest on January 1, 2014.<sup>11</sup> This delay allowed these large employers to escape certain penalties and arbitrary rules that stipulate what qualifies as an acceptable plan according to the federal government.<sup>12</sup>

The mass cancellations, however, are still looming despite these brief reprieves. The Obama administration itself, in 2010, quietly released and posted notice in the Federal Register that it estimated roughly 76 percent of small group plans, and 55 percent of large employer-based plans would be cancelled as a result of the Affordable Care Act.<sup>13</sup> Independent experts pegged this at roughly 80 million individuals at risk of losing existing coverage.<sup>14</sup>

## It's their plan

Access to affordable health care tailored to meet one's needs is undoubtedly a challenge that many Americans face. However, instead of alleviating the problem, the dictation of random standards of adequacy under ObamaCare has made the situation more difficult for millions and is set to pull the rug out from underneath tens of millions more.

The peace of mind that millions already enjoyed, knowing that their basic health insurance needs were covered, has been shattered, and arguably the most repeated promise regarding ObamaCare has been broken.

10. "FAQ—Renewal and Plan Year Change 2013," Wellmark, Blue Cross, Blue Shield. <https://www.pipac.com/docs/Small%20GroupNon-Gr%20FAQ.pdf>

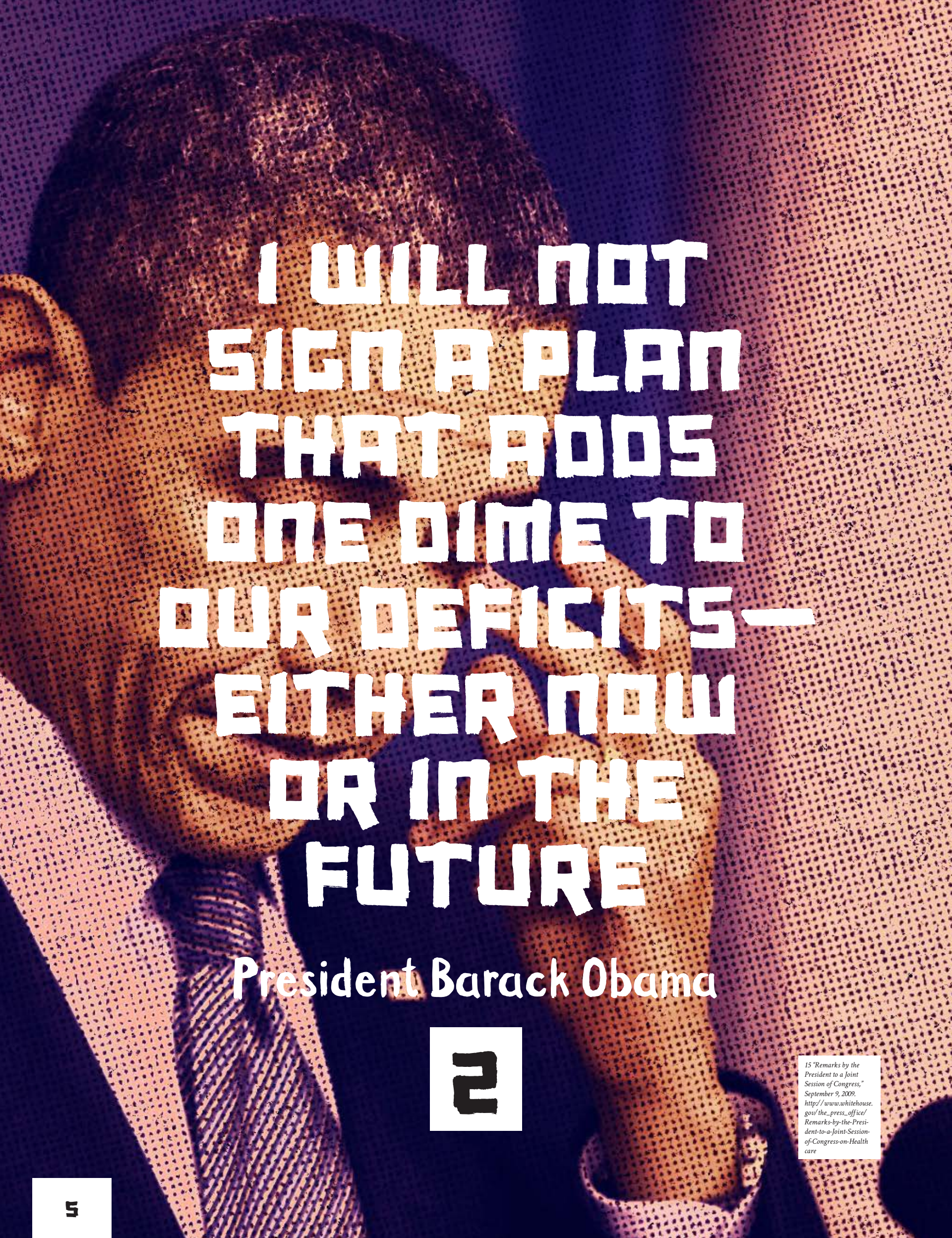
11. Janemarie Mulvey, Bernadette Fernandez, and Annie L. Mach, "Delay in Implementation of Potential Employer Penalties Under ACA," CRS Report for Congress, July 22, 2013. <http://www.fas.org/sgp/crs/misc/R43150.pdf>

12. Linda Keller, "Impact of Health Reform Employer Mandate Delay Until 2015," Intercare, July 3, 2013. <http://view.intercaresolutions.com/impact-health-reform-employer-mandate-delay-2015-as-july-3-2013/>

13. Jim Angle, "Almost 80 million with employer health care plans could have coverage canceled, experts predict," Fox News, November 26, 2013. <http://www.foxnews.com/politics/2013/11/26/evidence-shows-obama-administration-predicted-tens-millions-would-lose-plans/>

14. Ibid.





**I WILL NOT  
SIGN A PLAN  
THAT ADDS  
ONE DIME TO  
OUR DEFICITS—  
EITHER NOW  
OR IN THE  
FUTURE**

**President Barack Obama**

**2**

15 "Remarks by the President to a Joint Session of Congress," September 9, 2009. [http://www.whitehouse.gov/the\\_press\\_office/Remarks-by-the-President-to-a-Joint-Session-of-Congress-on-Health-care](http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-a-Joint-Session-of-Congress-on-Health-care)



# Earlier in the same speech Obama had been interrupted by Congressman Joe Wilson with a shout of “You lie!” Such an accusation would also have fit this claim.

History was not with the president when he made his claim regarding the law’s impact on federal spending and deficits. Almost every major entitlement program that the federal government has created has eventually—and usually quickly—vastly exceeded its estimated costs, creating additional deficits.

Take Medicare, for example. In 1967, the House Ways and Means Committee estimated that the annual cost of Medicare would grow to \$12 billion by 1990. Its actual cost for just the year 1990 was \$110 billion. Similarly, the Medicaid disproportionate share hospital (DSH) program passed in 1987 was estimated to cost \$1 billion, and ended up costing \$17 billion in its first year.<sup>16</sup>

With a total national debt that is larger than the entire economy’s

output for the year, at over \$17 trillion, existing mandatory spending programs are already too big to handle, and they’ll only get worse. The nation is well past the point where the cost-explosion of entitlement programs is a distant worry—a problem to be tackled by a more intrepid, future generation.

In 2013, just health care entitlements alone (Medicare, Medicaid, and other smaller programs like CHIP) cost \$876 billion. Add in Social Security (\$809 billion), and other entitlements such as food stamps (\$83 billion), and more than \$2 trillion of the federal government’s \$3.8 trillion in expenditures went to these autopilot spending programs.<sup>17</sup>

In just one decade those numbers are going to blow up to unprecedented, mindboggling levels, fueled by a massive wave of retiring baby

boomers tapping into Social Security and Medicare. With more than 10,000 of them retiring each day from 2010 to 2020, by 2023 Social Security, Medicare, and Medicaid alone are projected to cost \$3.03 trillion dollars, contributing to a predicted deficit of nearly \$900 billion.

Unless these programs are structurally reformed soon, the government will have to cut benefits deeply, raise taxes massively, or to go back to running trillion-dollar-plus annual deficits.

And now President Obama has added his “deficit-neutral” Affordable Care Act to this already bleak picture.

16. Sam Brownback, “Are Health Care Reform Cost Estimates Reliable?” Joint Economic Committee, July 31, 2009. [http://www.jec.senate.gov/republicans/public/?a=Files.Serve&File\\_id=5802c84c-e821-4ab3-baeb-793f3ae2e036](http://www.jec.senate.gov/republicans/public/?a=Files.Serve&File_id=5802c84c-e821-4ab3-baeb-793f3ae2e036)

17. Mandy R. Levit, D. Andrew Austin, “Mandatory Spending Since 1962”, CRS Report for Congress, July 15, 2013. <http://www.senate.gov/crs/Reports/crs-publish.cfm?pid=%270E%2C%1P%3C%5B%3C%23P++%0A>



In 2009 and 2010, the president was able to claim that his signature law did not increase the deficit “one dime” because of budgetary sleight-of-hand. The Congressional Budget Office (CBO) produced a cost estimate of ObamaCare that claimed it would actually reduce the deficit by \$118 billion over ten years. But the writers of the law cleverly reached this number by, among other things, starting to collect ObamaCare’s taxes immediately, while the actual spending portions of the law came into effect four years later.

But the biggest factor in making ObamaCare another budget-busting government disaster is the cost of the subsidies paid to insurance companies in order to supposedly make health insurance more affordable. Instead, the law actually causes the cost of most insurance plans to sharply rise, meaning that the subsidies to make them “affordable” will rise as well.

The final CBO score of the ACA, before it passed in 2010, predicted that the insurance premium subsidies would cost \$337 billion from 2014-2019.<sup>18</sup> Every year since, the CBO has had to adjust those totals upward, with the most recent estimate finding that the insurance coverage provisions of ObamaCare will cost \$823 billion through 2019, and increase total federal spending by \$2.004 trillion by 2024. In short, since the CBO first scored ObamaCare, its cost to taxpayers has increased by 140 percent.<sup>19</sup>

Another of ObamaCare’s most expensive policies, expanding Medicaid in the states, will cost an additional \$710 billion over the first decade.<sup>20</sup>

Then there are the insurance bailouts (technically called “risk corridors,” “reinsurance,” and “risk adjustment”) that are built into ObamaCare. Insurance companies will take huge losses if not enough healthy people—who pay more for insurance than they take out—enroll in insurance plans under ObamaCare. But the government will cover a percentage of those losses—putting taxpayers on the hook for still more billions of dollars. For example, under the “risk corridor” payments program, insurers have 75 percent of their losses covered; so for every \$1 million an insurer loses, it will get roughly \$750,000 from the taxpayers. And the cost of this bailout is on top of the more than \$1 trillion taxpayers are already slated to shell out to insurance companies for the premium subsidies in the exchanges.

In total, the February 2014 CBO estimate of ObamaCare’s total spending over the next decade (that is, through 2024) comes to a staggering \$1.487 trillion dollars in new, deficit spending.<sup>21</sup> This is all on top of Medicare, Medicaid, and Social Security; and that number, as previously mentioned, will certainly rise.

**For the record, that’s nearly 15 trillion dimes and counting.**

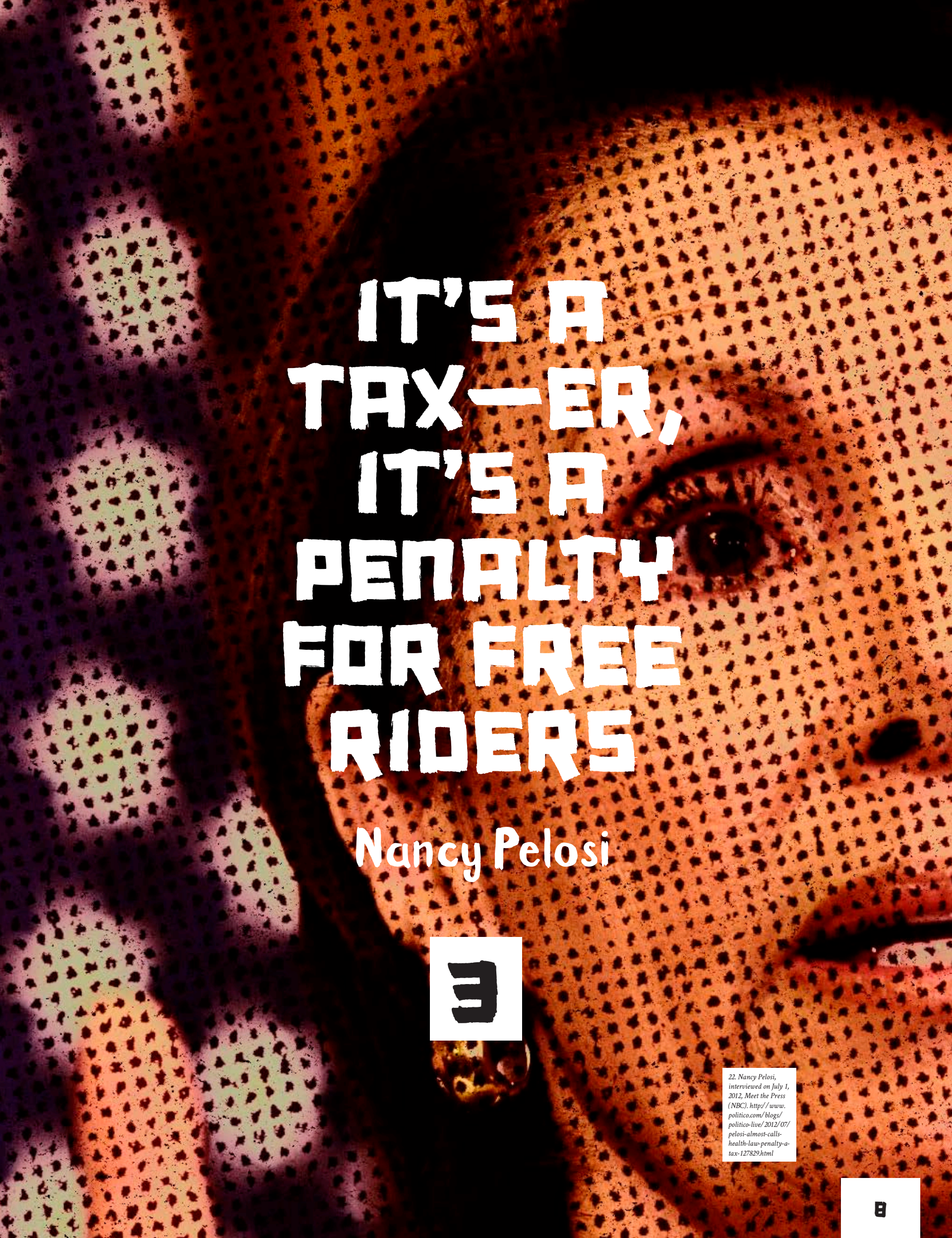
18. Douglas W. Elmendorf, Letter to Harry Reid, Congressional Budget Office, March 11, 2010. [http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11307/reid\\_letter\\_hr3590.pdf](http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11307/reid_letter_hr3590.pdf)

19. Sarah Masi, Jessica Banthin, Philip Ellis, Holly Harvey, and Jean Hearne, “The Budget and Economic Outlook: 2014 to 2024 – Appendix B: Updated Estimates of the Insurance Coverage Provisions of the Affordable Care Act,” Congressional Budget Office, February 2013. <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45010-Outlook2014.pdf>

20. *Ibid.*

21. *Ibid.*





# IT'S A TAX—ER, IT'S A PENALTY FOR FREE RIDERS

Nancy Pelosi



22. Nancy Pelosi, interviewed on July 1, 2012, Meet the Press (NBC). <http://www.politico.com/blogs/politico-live/2012/07/pelosi-almost-calls-health-law-penalty-a-tax-127829.html>



# Does ObamaCare raise taxes? The Democrats in Congress who helped write and pass the law can't seem to agree.

While the law was still being designed and debated, ObamaCare supporters were careful to avoid using the T-word, recognizing that Americans were already suffering under a terrible economy and were vehemently opposed to any tax increases that would make their lives still harder.

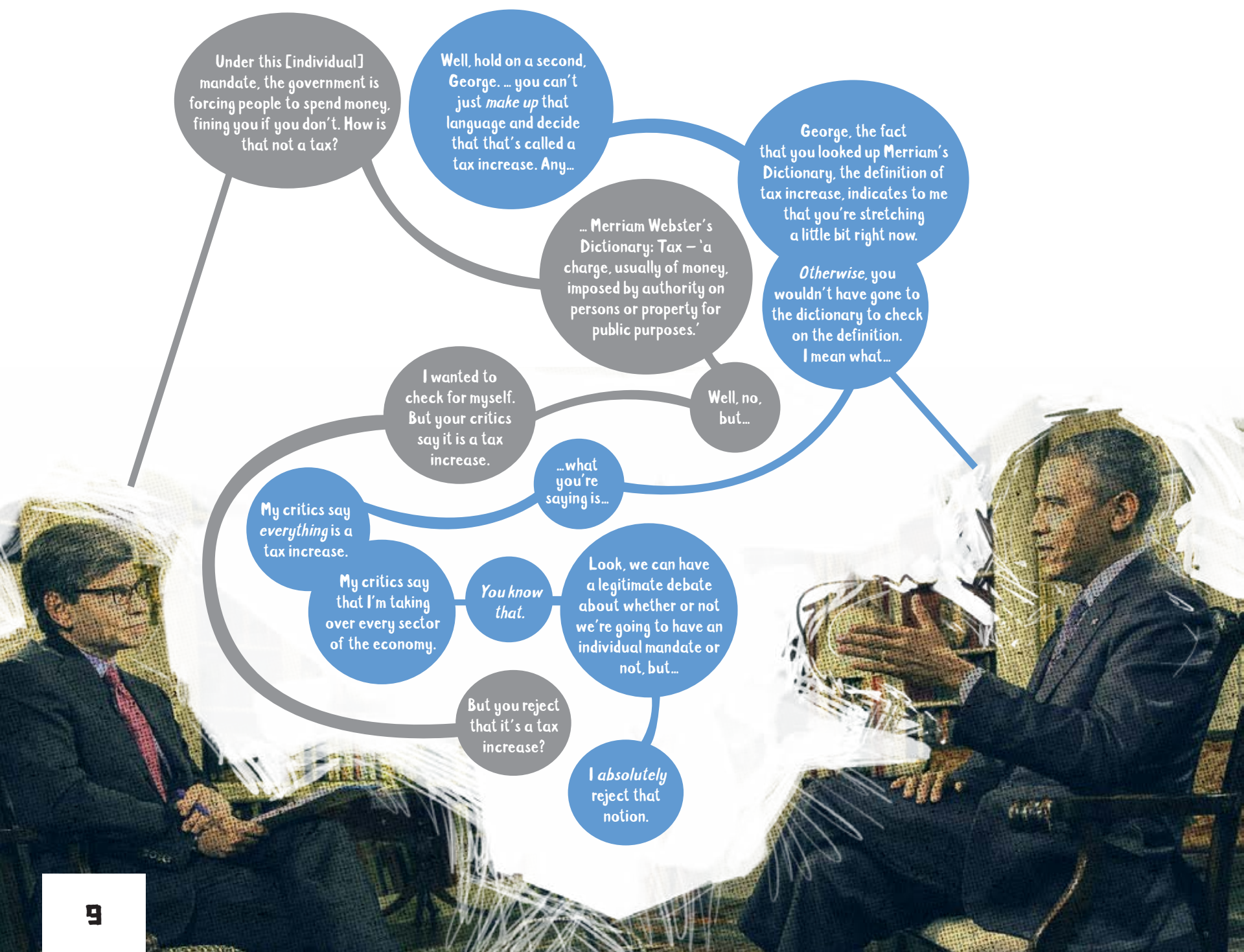
However, this position left lawmakers in an awkward spot. If ObamaCare's individual mandate wasn't a tax, what

was it, and where was the constitutional authority to implement a penalty for doing nothing? As the law came under fire, ultimately leading to a hearing before the Supreme Court, Democrats had to engage in all sorts of linguistic contortions in order to stay on message.

Then-Speaker of the House Nancy Pelosi found herself tripping over her own words as she tried to describe the law, uttering the fatal T-sound

before correcting herself with the word "penalty."<sup>23</sup> The Washington Post's fact checker awarded two "Pinocchios" to Rep. Debbie Wasserman-Schultz's flat denial of the claim that ObamaCare contains \$1 trillion in new taxes.<sup>24</sup> Health and Human Services Secretary Kathleen Sebelius went on record as referring to the mandate as a "fine," and Senate Majority Leader Harry Reid refused point blank to define the mandate at all.<sup>25 26</sup>

And then there was this now-famous exchange between President Obama and ABC News interviewer George Stephanopoulos<sup>27</sup>





Yet, when the oral arguments were at last heard before the Supreme Court, all of this doublespeak went out the window, as lawyers for the administration repeatedly, unabashedly, and emphatically defended the individual mandate as a tax. They did so because, while they knew the Constitution doesn't authorize an individual mandate, it does permit Congress to levy "taxes." Once the law had shifted from Congress to the courts, the need to deceive lawmakers ended and the need to deceive judges began. Voilà! The mandate was now a tax.

Senator Max Baucus (D-Montana), one of the architects of the law, admitted that the

law broke the president's pledge not to create any new taxes, and Senator Tom Harkin (D-Iowa), in a rare moment of candor, compared the ObamaCare mandate to redistributive property taxes.<sup>28 29</sup>

Chief Justice John Roberts agreed with the administration's revised assessment, breaking the tie among the evenly divided justices and upholding the mandate as a tax—a tax the administration had insisted, just months earlier, didn't exist.<sup>30</sup>

By any objective analysis, ObamaCare represents a major increase in taxes. The individual mandate is only a small portion

of the various fees, penalties, fines, and overt taxes that will take money from the pockets of American workers.

Americans for Tax Reform (ATR), the non-partisan think tank dedicated to opposing all tax increases, compiled a list of all the ways in which the Affordable Care Act violates its promise not to raise taxes.<sup>31</sup> ATR's analysis concluded that the law contains 20 examples of new or higher taxes on families and businesses, totaling more than \$500 billion over the next ten years.

## NEW TAXES

- a 3.8 percent surtax on investment income
- a hike in the Medicare payroll tax
- the individual and employer mandates
- a tax on health insurers
- an excise tax on health insurance plans
- a tax increase on "black liquor," a type of bio-fuel
- a tax on drug companies
- a lower deduction threshold on medical bills
- a cap on flexible spending accounts, typically used by parents of special needs children
- disallowing the use of health savings accounts to pay for over the counter medicines
- elimination of tax deductions for Medicare Part D
- permitting the IRS to selectively disallow tax deductions if it deems they lack "substance"
- a 10 percent excise tax on indoor tanning
- a tax increase on withdrawals from health savings accounts (HSAs)
- a salary cap for health insurance executives; a tax on medical devices
- reduced tax deductions for Blue Cross/Blue Shield companies
- an excise tax on charitable hospitals that fail to meet certain new standards

That's quite a list for a law that was promised to include no new taxes.

As of this writing, the latest projections from the CBO predict \$517 billion in federal revenues as a result of the Affordable Care Act between 2014 and 2024.<sup>32</sup> In other words, ObamaCare imposes over half a trillion dollars in new taxes. This number is lower than previous projections due to exemptions from the employer and individual mandates unilaterally granted by the Obama administration.

The Affordable Care Act was sold to the American people with the promise that they would not see any increases in their taxes. In retrospect, this was an opportunistic falsehood advanced for political purposes, to circumvent the public's opposition to new taxes. Semantics aside—whether termed "penalty," "fine," or "fee"—various estimates conclude ObamaCare will cost American households and businesses somewhere between \$500 billion and \$1 trillion dollars in new taxes over the next ten years. And the Democrats in Congress knew this all along.

23. Nancy Pelosi, interviewed on July 1, 2012, *Meet the Press* (NBC). <http://www.politico.com/blogs/politico-live/2012/07/pelosi-almost-calls-health-law-penalty-a-tax-127829.html>

24. Glenn Kessler, "Does 'ObamaCare' Have \$1 Trillion in Tax Hikes, Aimed at the Middle Class?" *The Washington Post*, March 12, 2013. [http://www.washingtonpost.com/blogs/fact-checker/post/does-obamacare-have-1-trillion-in-tax-hikes-aimed-at-the-middle-class/2013/03/11/1e685f4c-8a9b-11e2-8d72-dc76641cb8d4\\_blog.html](http://www.washingtonpost.com/blogs/fact-checker/post/does-obamacare-have-1-trillion-in-tax-hikes-aimed-at-the-middle-class/2013/03/11/1e685f4c-8a9b-11e2-8d72-dc76641cb8d4_blog.html)

25. Kathleen Sebelius interviewed on October 7, 2013, *The Daily Show with Jon Stewart* (Comedy Central). <http://www.nytimes.com/2012/06/29/us/supreme-court-lets-health-law-largely-stand.html?pagewanted=all>

26. Harry Reid interviewed on July 28, 2012, *C-Span 3*. <http://www.c-spanvideo.org/clip/3344467>

27. "Obama: Mandate Is Not a Tax," *ABC News*, September 20, 2009. <http://abcnews.go.com/blogs/politics/2009/09/obama-mandate-is-not-a-tax/>

28. Press Release, "Baucus Admits ObamaCare Breaks Obama Tax Pledge," *Americans for Tax Reform*, March 23, 2010. [http://www.ATR.org/userfiles/032310pr\\_Baucus\\_Admits\\_\\$250k%281%29.pdf](http://www.ATR.org/userfiles/032310pr_Baucus_Admits_$250k%281%29.pdf)

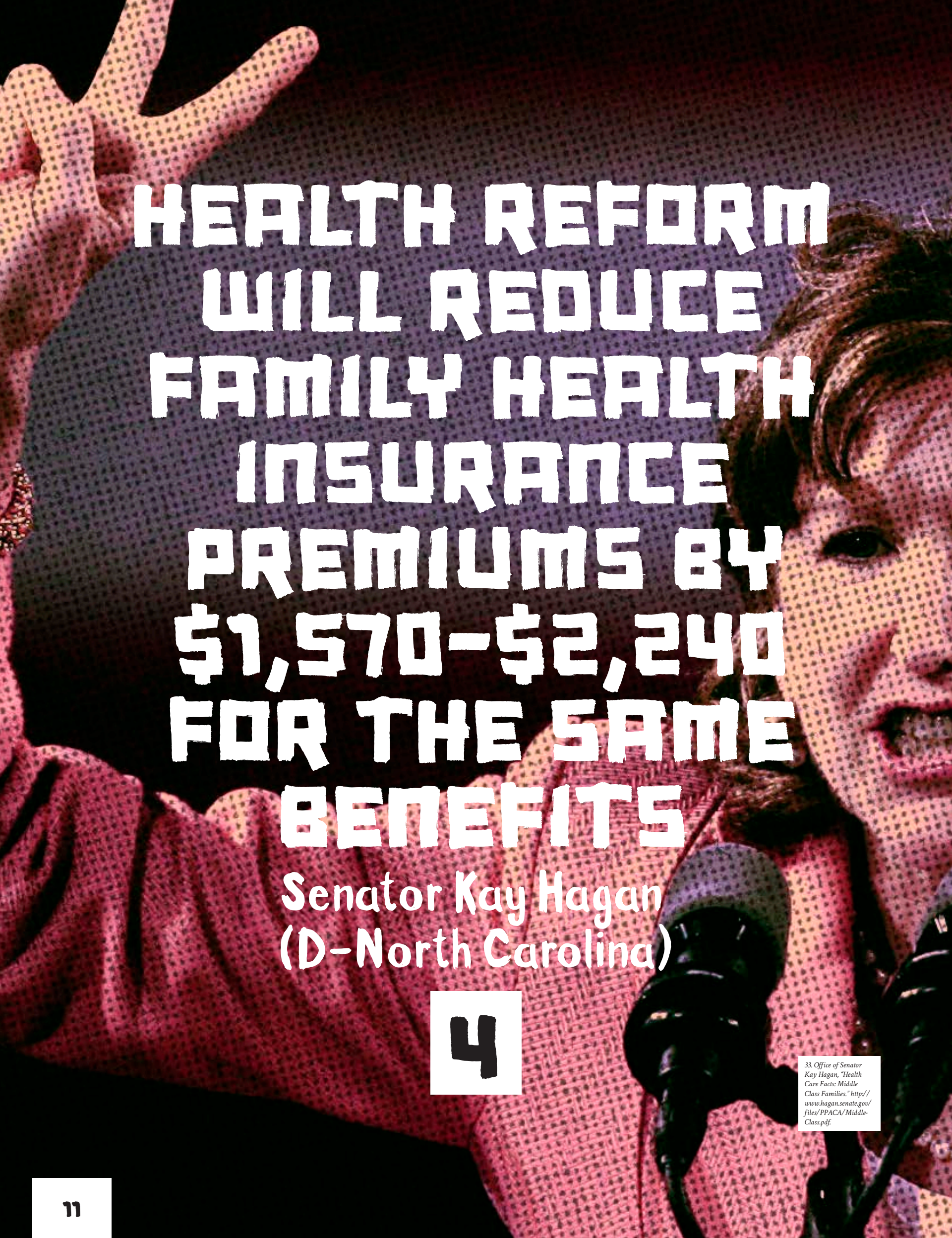
29. Tom Harkin speaking at a Senate hearing on health care, November 5, 2013. [https://www.youtube.com/watch?feature=player\\_embedded&v=MP9sqhCZb3s](https://www.youtube.com/watch?feature=player_embedded&v=MP9sqhCZb3s)

30. Adam Liptak, "Supreme Court Upholds Health Care Law: 5-4, in Victory for Obama," *The New York Times*, June 28, 2012. <http://www.nytimes.com/2012/06/29/us/supreme-court-lets-health-law-largely-stand.html?pagewanted=all>

31. Press Release, "Full List of ObamaCare Tax Hikes: Listed by Size of Tax Hike," *Americans for Tax Reform*, June 29, 2012. <http://s3.amazonaws.com/atrfiles/files/files/ObamaCare%20tax%20hikes.pdf>

32. Sarah Masi, Jessica Banthin, Philip Ellis, Holly Harvey, and Jean Hearne, "The Budget and Economic Outlook: 2014 to 2024—Appendix B: Updated Estimates of the Insurance Coverage Provisions of the Affordable Care Act," *Congressional Budget Office*, February 2013.



A halftone photograph of Senator Kay Hagan speaking at a podium. She is wearing a dark jacket and has her mouth open as if speaking. A microphone is visible in the foreground.

# HEALTH REFORM WILL REDUCE FAMILY HEALTH INSURANCE PREMIUMS BY \$1,570-\$2,240 FOR THE SAME BENEFITS

Senator Kay Hagan  
(D-North Carolina)

4

33. Office of Senator  
Kay Hagan, "Health  
Care Facts: Middle  
Class Families," [http://  
www.hagan.senate.gov/  
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The Affordable Care Act was supposed to be just that—affordable. It's right there in the name. The ability of the law to reduce health insurance premiums and the cost of care was one of its major selling points and a compelling argument in a nation where health care costs have been consistently outpacing inflation and other expenses.

## **"Everybody will have lower rates,"**

promised then-Speaker of the House Nancy Pelosi on Meet the Press in 2012.<sup>34</sup>

Ms. Pelosi is not the only one to make this promise. Then-Senator Ben Nelson (D-Nebraska) said in a press conference that the ObamaCare exchanges would lower costs.<sup>35</sup> Secretary of Health and Human Services Kathleen Sebelius publicly claimed, shortly after the passage of the ACA, that prices would go down, and Rep. Debbie Wasserman-Schultz (D-Florida) said that the ACA would "generally bring down the cost of health care coverage."<sup>36 37</sup> Senator Jay Rockefeller (D-West Virginia) gushed:

## **"What Americans got from the Affordable Care Act was a thoughtful law that brings us closer than ever**

**before to the goal of affordable health care for all, while simultaneously lifting from our economy the heavy burden of runaway health costs."**<sup>38</sup>

Americans were sensibly skeptical of these promises. The ACA, as written, did not appear to include any real mechanism for reducing costs. The requirement for companies to cover pre-existing conditions would necessitate higher premiums, at least for some. Rather than permitting catastrophic coverage plans that would only cover genuine emergencies, the lowest coverage plans permissible under the law included coverage for elective and preventative procedures that would certainly result in higher costs for consumers.

When the ObamaCare website Healthcare.gov went live on October 1, 2013, its associated Facebook page began to fill with outraged comments. Users complained of shockingly higher premiums than were promised.

Once a little time passed and data became available, a number of independent analysts started conducting rate analyses on health insurance plans before and after ObamaCare's implementation, to see whether the reality lived up to the promises on which the law was sold to the American people.



Finally got the real rates! Went to the healthcare.gov site and they gave me estim



Estimated monthly premium for You, your spouse, and your children  
\$355.62 Per month for low income good luck with your pl  
Looks like I'll be one of them family's out on the street with  
this healthcare or living in my house with none. Thanks Obama  
for giving me a clear choice on v  
Like · Reply · 5 · October 21 at 1:54am



\$958 month, \$6000 deductible, family of 5 bronze plan. I like my old plan, can I keep it? I was told I could keep it.  
Like · Reply · 8 · Yesterday at 1:54am



I am so disappointed. These prices are outrageous and there are huge deductibles.  
Like · Reply · 113 · October 3 at 5:50pm



Well I got my quote from healthcare.gov and  
If my employer didn't have coverage I would pay 2  
more for the same coverage going through the ex  
not sure how this is going to help people...  
This could be really bad for some people who don't  
insurance, don't make much money and don't qual  
medicaid. Not sure how \$550 a month is affordab  
Like · Reply · 14 · October 21 at 6:43pm



Based on the prices being quoted for  
"Silver Plan" my rate doubles to \$10,560 per year in mo  
premiums not including the 30% co-pay/deductible! Jus  
spring, my family rate for the same was only \$4,800 pe  
This is a redistribution of not wealth, but a redistribution  
earnings of those of us that work for a living!  
Like · Reply · 5 · Yesterday at 10:54am



no  
when I worked I payed 80 a month 2k deductible fu in this plan at I have to  
when I get back to work even at 28k a year single I cannot an ie ) of  
will not afford  
never pay the  
a corrupt gov  
Like · Reply ·



I am sorry but I must be missing the  
affordable plans as the cheapest plan +/- \$250 a month  
with the \$6000+ deductible can't possibly be considered  
affordable.  
Like · Reply · 11 · October 16 at 9:45pm

payments, buy food, pay all the utilities and try to give my son  
a collage education. Not so middle class anymore...

Now I am expected to give up \$10,000 of that \$25,000 I have  
left on a \$6000 deductible (\$12700 family) health plan, leaving  
me with \$15,000 per year to live on, (\$288 per week) with no  
food stamps, no free anything...

34. Nancy Pelosi, interviewed on July 1, 2012, Meet the Press (NBC). [https://www.youtube.com/watch?v=QgONZAN\\_Us0](https://www.youtube.com/watch?v=QgONZAN_Us0)

35. Ben Nelson, Press Conference, December, 2009. <https://www.youtube.com/watch?v=8z98GH5hY48>

36. Kathleen Sebelius, Press Conference, 2010. <https://www.youtube.com/watch?v=RWS0Hj06BBg>

37. Debbie Wasserman-Schultz, interviewed September, 2009, Closing Bell (MSNBC). <https://www.youtube.com/watch?v=yDTdEM92FeA>

38. Jay Rockefeller, "The Affordable Health Care Act Will Work," Huffington Post, October 2, 2013. [http://www.huffingtonpost.com/sen-jay-rockefeller/the-affordable-care-act-w\\_b\\_4031834.html](http://www.huffingtonpost.com/sen-jay-rockefeller/the-affordable-care-act-w_b_4031834.html)



The Wall Street Journal was the first out of the gate to take a look at the new health insurance premiums offered over the federal exchanges.

Across the country, the average premium for a 27-year-old nonsmoker, regardless of gender, will start at \$163 a month for the lowest-cost 'bronze' plan; \$203 for the 'silver' plan, which provides more benefits than bronze; and \$240 for the more-comprehensive 'gold' plan.

In some states, these premiums will be higher still. The Journal contrasts these rates with those of some of the plans available to young and healthy people prior to the implementation of the ACA.

In Nashville, Tenn., a 27-year-old male nonsmoker could pay as little as \$41 a month now for a bare-bones policy, but would pay \$114 a month for the lowest-cost bronze option in the new federal health exchanges. Likewise, the least-expensive bronze policy would rise to \$195 a month in Philadelphia for that same 27-year-old, from \$73 today. In Cheyenne, Wyo., the lowest-cost option would be \$271 a month, up from \$82 today.<sup>39</sup>

Supporters of the law claim that these less-expensive plans are not as good as those available under the ACA, but shouldn't consumers be the ones to decide whether to purchase lower-cost, lower-coverage plans if they feel that those most appropriately meet their health care needs?

The Society of Actuaries conducted a study that concludes:

"The non-group cost per member per month will increase 32 percent under ACA, compared to pre-ACA projections."<sup>40</sup>

A study by the Heritage Foundation conducted a state-by-state analysis of health insurance premiums and concluded the following:

Individuals in most states will end up spending more on the exchanges. It is true that in some states, the experience could be the opposite. This is because those states had already over-regulated insurance markets that led to sharply higher premiums through adverse selection, as is the case of New York. Many states, however, double or nearly triple premiums for young adults. Arizona, Arkansas, Georgia, Kansas, and Vermont see some of the largest increases in premiums.<sup>41</sup>

An analysis of health insurance plans on offer in 2014 by the research firm Sector & Sovereign found broad increases in deductibles and premiums, with young people being the most adversely affected. They found that a 21-year-old would have to pay 81 percent higher premiums to maintain a plan with a similar deductible. A 40-year-old would have to pay 29 percent more, and a 64-year-old would have to pay 64 percent more.<sup>42</sup>

A comprehensive analysis by the Manhattan Institute found that "the average state will face underlying premium increases of 41 percent. Men will face the steepest increases: 77, 37, and 47 percent for 27-year-olds, 40-year-olds, and 64-year-olds, respectively. Women will also face increases, but to a lesser degree: 18%, 28%, and 37% for 27-, 40-, and 64-year-olds." The study goes on to add "this is a best-case scenario," assuming that the ObamaCare exchanges begin to function as intended, resolving the access problems seen thus far.<sup>43</sup>

The promises of lower health insurance premiums were not based on any objective measure, but instead were mere platitudes designed to convince voters to buy into ObamaCare. Now that effects are actually observable, it is clear that most people will actually be paying more for health insurance than they were before the ACA, and that this is especially true for the young and healthy. If these individuals fail to enroll in ObamaCare exchanges in the expected numbers, premiums will have to rise still further to make up the difference.

**OBAMACARE MAY  
BE MANY THINGS,  
BUT AFFORDABLE IS  
NOT ONE OF THEM.**

39. Louise Radnofsky, "Prices Set for New Health care Exchanges," Wall Street Journal, September 25, 2013. <http://online.wsj.com/news/articles/SB10001424052702303983904579095731139251304>

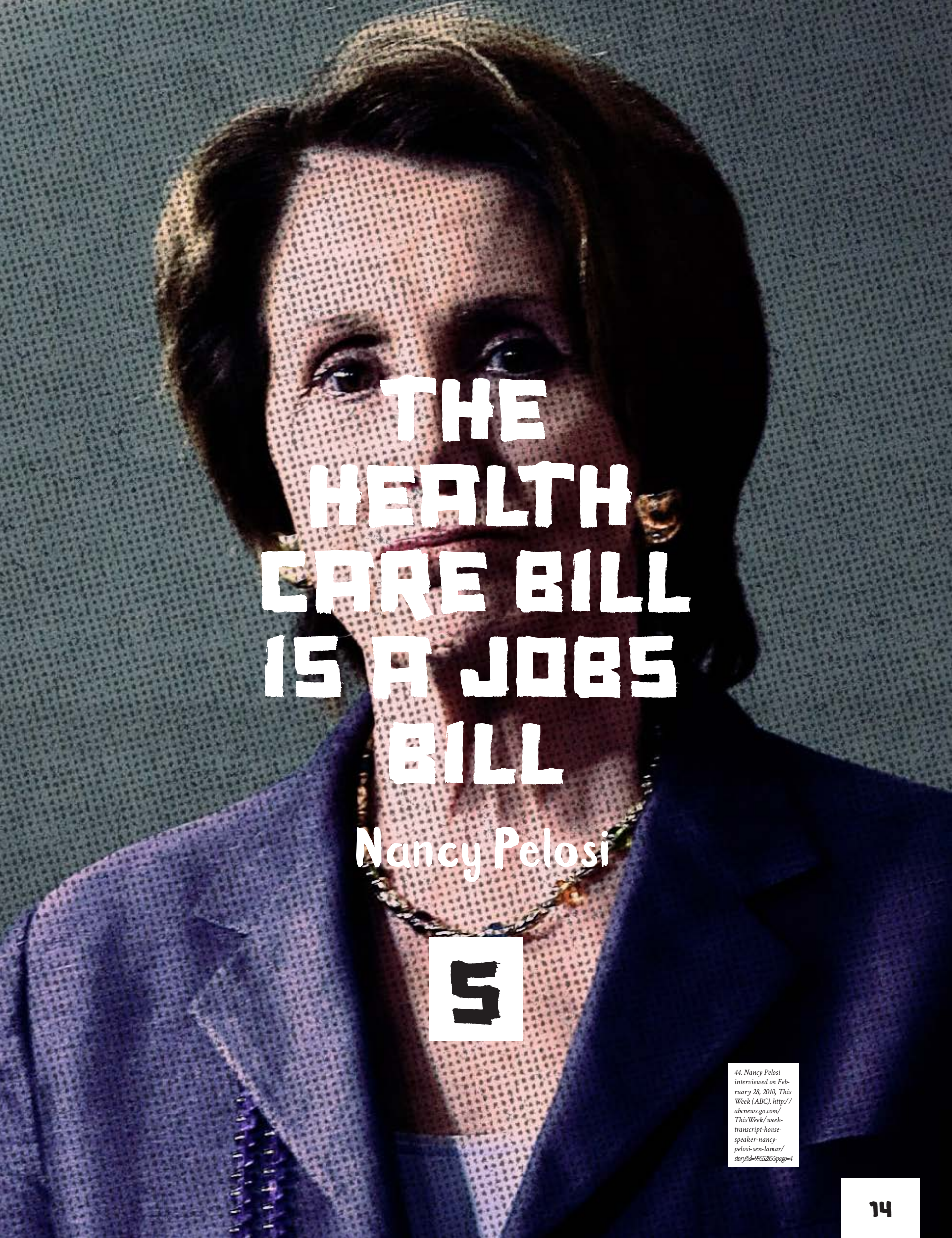
40. "Cost of the Future Newly Insured under the Affordable Care Act (ACA)," Society of Actuaries, March, 2013. <http://cdn-files.soa.org/web/research-cost-aca-report.pdf>

41. Drew Gonshorowski, "How Will You Fare in the ObamaCare Exchanges?" The Heritage Foundation, October 16, 2013. <http://www.heritage.org/research/reports/2013/10/enrollment-in-obamacare-exchanges-how-will-your-health-insurance-fare>

42. Matthew Herper, "ObamaCare Raises Health Insurance Premiums, Especially for the Young," Forbes, December 5, 2013. <http://www.forbes.com/sites/matthewherper/2013/12/05/obamacare-raises-health-insurance-costs-especially-for-the-young/>

43. Avik Roy, "49-State Analysis: ObamaCare to Increase Individual-Market Premiums by Average of 41%," Manhattan Institute for Policy Research, November 4, 2013. <http://www.manhattan-institute.org/html/miarticle.htm?id=9768&UrMIsLQUZc5>





# THE HEALTH CARE BILL IS A JOBS BILL

Nancy Pelosi

**S**

44. Nancy Pelosi interviewed on February 28, 2010, *This Week* (ABC). <http://abcnews.go.com/ThisWeek/week-transcript-house-speaker-nancy-pelosi-sen-lamar/story?id=9955285&page=4>



In 2010, in an interview with ABC's Elizabeth Vargas, then-Speaker of the House Nancy Pelosi hyped the Affordable Care Act with the claim that the health care law would create a total of 4 million jobs over its lifetime—400,000 of which would be created immediately.<sup>45</sup>

The Speaker did not reveal her source for this number, and a fair few eyebrows were raised in skepticism of such a bold assertion. It was hard to see how a law that raises taxes, increases costs for employers, and drives up insurance premiums could be a boon for job growth.

In 2011, the Director of the Congressional Budget Office (CBO), Doug Elmendorf testified before the House Budget Committee that the Affordable Care Act, over the following decade, was projected to decrease labor force participation by 0.5 percent, a total loss of 800,000 jobs and a direct contradiction of Ms. Pelosi's promise.

Prior to the implementation of the law, such claims were impossible to verify. Now that the Affordable Care Act is in

full effect, actual evidence against Ms. Pelosi's statement can be evaluated.

The employer mandate section of the Affordable Care Act requires all companies with more than 50 full-time employees to provide workers with health insurance coverage. It seems reasonable, then, to expect that companies on the margin will either reduce employment to fewer than 50 workers, or transfer some current full-time workers into part-time positions to avoid the costs of the mandate.

By the end of 2013, nearly 400 businesses had announced plans to reduce the number of hours worked by their low-wage employees as a response to the law.<sup>47</sup>

A 2012 study by the non-partisan American Action Forum, using a state-by-state analysis, found that the regulatory costs associated with the Affordable Care Act had already decreased employment by 18,000 jobs at minimum.<sup>48</sup> These losses are not likely to go away as the law ages.

Witness the following exchange from the hearing<sup>46</sup>

[I]t's been argued ... that the new health care law will create jobs and increase labor force participation.

But if I recall from your analysis, it was quite the opposite. Is that not the case?"

Yes.

CBO Director Doug Elmendorf

House Budget Committee Chairman, Paul Ryan

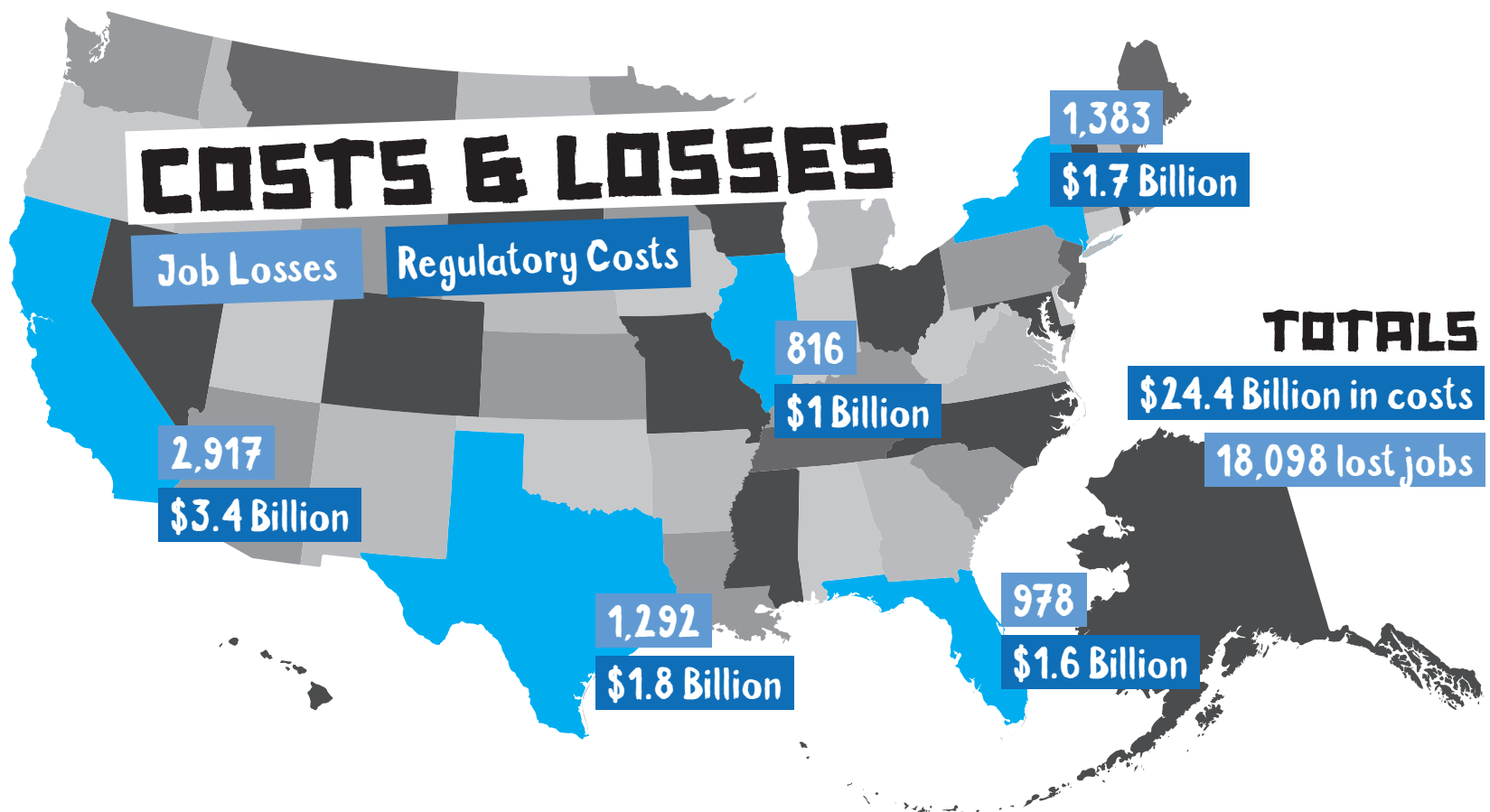
45. Nancy Pelosi interviewed on February 28, 2010, *This Week* (ABC). <http://abcnews.go.com/ThisWeek/week-transcript-house-speaker-nancy-pelosi-sen-lamar/story?id=9955285&page=4>

46. Doug Elmendorf testifying before the House Budget Committee, February 10, 2011. <http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg64727/pdf/CHRG-112hhrg64727.pdf>

47. Jed Graham, "ObamaCare Employer Mandate: A List of Cuts to Work Hours, Jobs," *Investor's Business Daily*, December 19, 2013. <http://news.investors.com/politics/ObamaCare/121913-669013-ObamaCare-employer-mandate-a-list-of-cuts-to-work-hours-jobs.htm>

48. Sam Batkins, "The State by State Impact of ACA Regulations," *American Action Forum*, October 2012. [http://americanactionforum.org/sites/default/files/ACA\\_regs.pdf](http://americanactionforum.org/sites/default/files/ACA_regs.pdf)





The health care industry appears to be among the hardest hit, as new regulations and restrictions affect their costs. USA Today reported in October 2013 that health care providers were laying off more workers than any other industry, with the losses attributed to hospital regulations contained in the ACA.<sup>49</sup>

In addition to the employer mandate's effect of reducing employment, other provisions in the law that increase the costs of doing business, such as the tax on medical device manufacturers, risk moving jobs from the United States to other countries where the regulatory environment is more favorable.

The 2.3 percent medical device tax increases the costs of domestic producers, and is expected to raise \$29 billion in revenues over the next ten years.<sup>50</sup> A 2012 survey conducted by tax and advisory company KPMG found that 13 percent of medical device manufacturers were considering cost savings in the form of worker reductions in response to the tax, and an industry study by the Manhattan Institute found that the impact could be as great as 43,000 jobs moved overseas.<sup>51 52</sup>

Kem Hawkins, the president of major medical device manufacturer Cook Group Inc., says of the costs of complying with the medical device tax:

That's a plant a year that we're not able to reinvest in. Or it's a large clinical study that we can't invest in. Or it's maybe 10 or 12 or 15 new product innovations that we can't reinvest in. If we can't build the plants, then we can't hire the people.<sup>53</sup>

CBO now estimates that the president's health care law will drive 2.5 million people out of the workforce by 2024—nearly triple the agency's prediction from 2010.<sup>54</sup> Democrats spin this government-induced unemployment as good news: Now more Americans, liberated from a job, will be "free to follow their passion." Nancy Pelosi argues:

What we see is that people are leaving their jobs because

they are no longer job-locked. ... They are following their aspirations to be a writer, to be self-employed, to start a business. This is the entrepreneurial piece. So it's not going to cost jobs. It's going to shift how people make a living and reach their aspirations. ... [T]his was one of the goals, to give people life, a healthy life, liberty to pursue their happiness. And that liberty is to not be job-locked, but to follow their passion.<sup>55</sup>

The bottom line is two and a half million jobs will be destroyed by ObamaCare. Clearly, the ACA is not the job-creation machine Speaker Pelosi promised it would be, and still amazingly believes it to be.

**The 4 million new jobs she promised appear to have been nothing more than a gross fabrication.**

49. Paul Davidson and Barbara Hansen, "A Job Engine Sputters as Hospitals Cut Staff," USA Today, October 13, 2013. <http://www.usatoday.com/story/money/business/2013/10/13/hospital-job-cuts/2947929/>

50. "H.R. 436, The Protect Medical Innovation Act of 2012: Cost Estimate," Congressional Budget Office, June 4, 2012. <http://www.cbo.gov/publication/43290>

51. Ichiro Kawasaki and Laura Sheridan Powers, "Medical Device Execs Say New Excise Tax Will Hit Their Company Bottom Lines Hard," KPMG LLP, April 18, 2012. <http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Press-Releases/Pages/KPMG-Survey-Medical-Device-Execs-Say-New-Excise-Tax-Will-Hit-Their-Company-Bottom-Lines-Hard.aspx>

52. Diana Furchtgott-Roth and Harold Furchtgott-Roth, "Employment Effects of the New Excise Tax on the Medical Device Industry," Manhattan Institute for

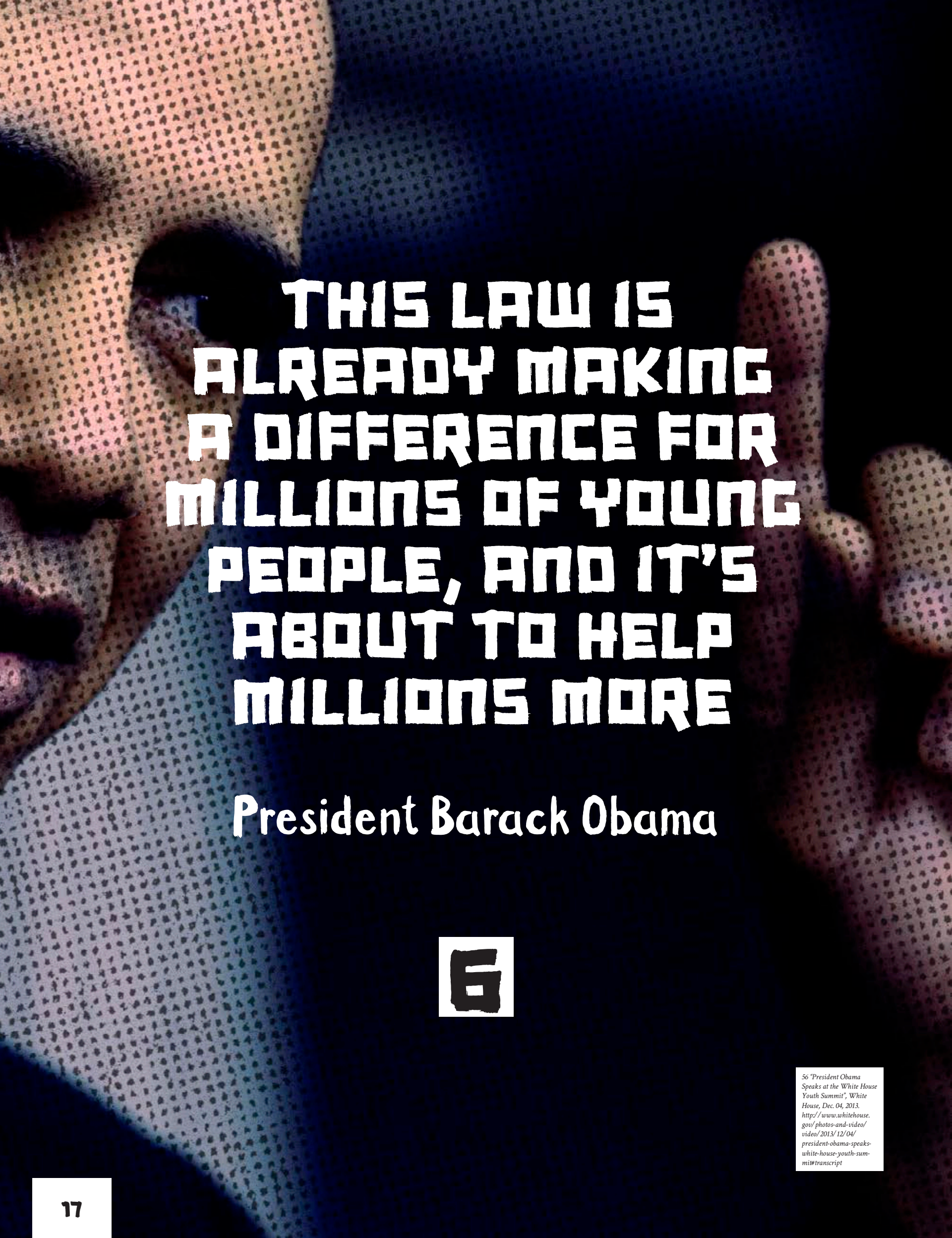
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53. Tony Pugh, "Medical Device Makers Push Congress to Repeal Excise Tax," McClatchy Newspapers, September 22, 2011. <http://www.mcclatchydc.com/2011/09/22/124940/medical-device-makers-push-congress.html>

54. Congressional Budget Office, "The Budget and Economic Outlook: 2014 to 2024," February 2014. <http://cbo.gov/publication/45010>

55. Dan Friedman, "Pelosi: CBO Report Shows ObamaCare Gives Americans Freedom to 'Follow Their Passion,'" New York Daily News, February 4, 2014, <http://www.nydailynews.com/blogs/dc/2014/02/pelosi-cbo-report-shows-ObamaCare-gives-americans-freedom-to-follow-their-passion>





**THIS LAW IS  
ALREADY MAKING  
A DIFFERENCE FOR  
MILLIONS OF YOUNG  
PEOPLE, AND IT'S  
ABOUT TO HELP  
MILLIONS MORE**

**President Barack Obama**

**G**

56 "President Obama  
Speaks at the White House  
Youth Summit", White  
House, Dec. 04, 2013.  
[http://www.whitehouse.  
gov/photos-and-video/  
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white-house-youth-sum-  
mit#transcript](http://www.whitehouse.gov/photos-and-video/video/2013/12/04/president-obama-speaks-white-house-youth-summit#transcript)



# Starting this year, everyone is forced to buy government-approved health insurance or face a government fine.

Never before has the federal government forced Americans to purchase a private product, whether they want to or not. And this mandate is targeted primarily at one group: adults in their twenties and thirties.

The success of ObamaCare depends on healthy people signing up for the ObamaCare exchanges. This is precisely why the Obama administration has launched multiple campaigns targeting young people, who are of course among the healthiest Americans. The administration's goal is to enroll 2.7 million 18-to 35-year-olds in the exchanges by the end of March 2014.<sup>57</sup> TV and web advertisements encourage young people to sign up for "affordable" health insurance. But there is nothing affordable about ObamaCare plans.

In fact, many young people are better off not signing up for the expensive ObamaCare exchanges. Studies have found that most young single people with no kids will save at least \$500 by not opting into the exchanges and paying the government fine instead.<sup>58</sup>

Nearly everyone is worse off under the law, but young people have been hardest hit. Young people are generally healthier and visit a doctor less than

older people. The health care costs of 64-year-olds are typically five times higher than those of 21-year-olds.<sup>59</sup> Despite this difference in cost, based on age, ObamaCare prohibits companies from charging older people more than young people.

No wonder young people have been hesitant to sign up for the exchanges—they will be the ones paying for the older people in the system.

So far, exchange enrollments are skewed toward older, and presumably sicker, folks. According to January 2014 enrollment report released by the Obama administration, only about one in four ObamaCare enrollees are young adults—that's below their 40 percent target.<sup>60</sup>

Young people who rarely visit a doctor will see their health insurance costs skyrocket.<sup>61</sup> Many young people would likely prefer to sign up for inexpensive catastrophic insurance just in case they are hit by an unexpected emergency. But a basic and cheap insurance plan is no longer an option. Due to the mandates in ObamaCare, young people have less choice over their insurance plans. The law forces all insurance plans to cover a wide variety of health procedures and services. This

57. Lewis Krauskopf, "Early ObamaCare numbers show older Americans more apt to sign up", Reuters, Nov. 20, 2013. <http://www.nbcnews.com/health/early-ObamaCare-numbers-show-older-americans-more-apt-sign-2D11624109>

58. David Hogberg, "Why The 'Young Invincibles' Won't Participate In The ObamaCare Exchanges and Why It Matters", National Center for Public Policy Research, <http://www.nationalcenter.org/NPA652.html>

59. Lewis Krauskopf, "ObamaCare Will Cost Much More If Young Americans Don't Start Signing Up", Business Insider, Jan. 12, 2014. <http://www.businessinsider.com/ObamaCare-will-cost-much-more-if-young-americans-dont-start-signing-up-2014-1#ixzz2qERbNnPs>

60. Sarah Kliff, "One in four ObamaCare enrollees are young adults. That's below the target," Washington Examiner, Jan. 13, 2014. <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/01/13/one-in-four-ObamaCare-enrollees-are-young-adults-thats-below-the-target/>

61. "The Price of ObamaCare's Broken Promises", House Committee on Energy and Commerce, March 2013. <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/20130305PremiumReport.pdf>



ultimately drives up the price of insurance and makes it difficult to afford.

ObamaCare will directly increase health insurance premiums by 41 percent, on average.<sup>62</sup> Eighty percent of 20-somethings who earn more than about \$18,500 a year will see their health insurance costs go up as a result of ObamaCare. In California, the cost of a basic plan for a 25-year-old male will jump as much as 92 percent, in Ohio as much as 700 percent.<sup>63</sup>

Young, entry level employees are most likely to lose their pre-existing coverage under the law. ObamaCare actually encourages employers to stop offering health insurance. Estimates are that as many as 80 million cancellations of existing plans could be on their way, as insurance companies transition the group market to higher cost plans mandated by the law.<sup>64</sup>

ObamaCare is also responsible for cutting young people's weekly working hours. ObamaCare punishes employers with over 50 "full-time" employees. A full-time worker is defined as someone working 30 or more hours a week. Over 360 companies have already cut their employees hours to 29 hours a week to avoid the ObamaCare fines.<sup>65</sup> Most of these people are likely young, low-wage employees who may now need a second job to pay the rent.

Almost 6 million young Americans are out of work and not in school.<sup>66</sup> Since ObamaCare is extremely complicated, many employers are getting rid of entry level positions and avoiding new hires because they have no idea how the law will be enforced. A Gallup poll shows that 41 percent of

small businesses have frozen hiring and 19 percent have made layoffs because of ObamaCare.<sup>67</sup>

On top of all this, ObamaCare imposes 20 new taxes. These includes new taxes on medical devices, workplace health benefits, sales on houses, and a penalty for purchasing over-the-counter products with Health Savings Accounts (HSAs). The tax on medical devices will be passed onto patients in the form of higher health care costs.

Desperate to attract young people, the Obama administration has also been pandering to young women by saying that contraceptives are "free" under ObamaCare. The word "free" is misleading. The law requires all insurance plans to cover all FDA-approved brand name contraceptives and procedures. There may be no co-pays at the doctor office's counter, but everyone will have to pay higher insurance premiums.

ObamaCare advocates have also been touting that "adult children" (actual term used in the legislation) are able to stay on their parents' insurance until they are 26 years old. This may sound great at first, but this policy has unintended consequences. The under-26 mandate has increased all insured families' insurance premiums by \$151 to \$452 per year.<sup>68</sup> It's common sense: when the government forces insurers to provide more coverage to more people, costs must go up. There's no such thing as a free lunch.

Young people are going to be stuck with ObamaCare's gigantic bill. The national debt is already at a record high at over \$17 trillion. That mountain of debt must be paid back by current and future generations. The law will cost at least \$2 trillion alone and add \$6.2 trillion to the long term deficit.<sup>69</sup> Young adults, who already carry historically high levels of student-loan debt, will be on the hook to pay for the massive ObamaCare debt as well.

62. Avik Roy, "49-State Analysis: ObamaCare to Increase Individual-Market Premiums by Average of 41%", *Forbes*, Nov. 4, 2013, <http://www.forbes.com/sites/theapothecary/2013/11/04/49-state-analysis-ObamaCare-to-increase-individual-market-premiums-by-avg-of-41-subsidies-flow-to-elderly/>

63. Dean Clancy, "Top 10 Ways ObamaCare Sticks it To Young Adults", *FreedomWorks*, July 16, 2013, <http://ObamaCarewtf.sites.org/top-10-ways-ObamaCare-sticks-it-to-young-adults/>

64. Jim Angle, "Almost 80 million with employer health care plans could have coverage canceled, experts predict", *Fox News*, November 26, 2013.

65. Jed Graham, "ObamaCare Employer Mandate: A List Of Cuts To Work Hours, Jobs", *Investor's Business Daily*, Dec. 19, 2013, <http://news.investors.com/politics-ObamaCare/121913-669013-ObamaCare-employer-mandate-a-list-of-cuts-to-work-hours-jobs.htm#ixzz2qEg4rb49>

66. "Almost 6 million young Americans out of school, work, study says", *Fox News*, Oct. 21, 2013, <http://www.foxnews.com/us/2013/10/21/almost-6-million-young-americans-out-school-and-work-study-says/>

67. Noah Rothman, "Poll: 41% Of Small Businesses Froze Hiring Due To ObamaCare, 19% Have Laid Off Employees", *Mediaite*, June 21, 2013, <http://www.mediaite.com/online/poll-41-of-small-businesses-froze-hiring-due-to-ObamaCare-19-have-laid-off-employees/>

68. Jim DeMint, "Health Insurance Mandates to Cover Dependent Children", *Joint Economic Committee*, June 2012, [http://www.jec.senate.gov/republics/public/?a=Files.Serve&File\\_id=7df6d025-0bcf-4a9a-a60c-fd924f3ec968](http://www.jec.senate.gov/republics/public/?a=Files.Serve&File_id=7df6d025-0bcf-4a9a-a60c-fd924f3ec968)

69. Andrew Stiles, "GAO Report: ObamaCare Adds \$6.2 Trillion to Long-Term Deficit", *National Review*, February 26, 2013, <http://www.nationalreview.com/corner/341589/gao-report-ObamaCare-adds-62-trillion-long-term-deficit-andrew-stiles>

**In brief, ObamaCare is not in the best interest of most young people. It drives up their premiums, imperils their workplace coverage, reduces their access to full-time jobs, hits them with 20 new taxes, and increases the national debt burden hanging over their dreams.**





# WE PASSED A PRIVATE SECTOR MARKET-BASED INSURANCE CHOICE FOR ALL AMERICANS

Sen. Mary Landrieu  
(D-Louisiana)

7

70. Congressional Record  
Volume 159, Number  
132 (Monday, September  
30, 2013), Senate, Pages  
S7042-S7047. [http://www.  
gpo.gov/fdsys/pkg/CREC-  
2013-09-30/html/CREC-  
2013-09-30-pt1-PgS7042.htm](http://www.gpo.gov/fdsys/pkg/CREC-2013-09-30/html/CREC-2013-09-30-pt1-PgS7042.htm)



With ObamaCare, tens of millions of Americans are getting a first taste of European-style, top-down, government-run “single payer” health care. From limited access to advanced treatment options to exorbitant wait lists for even the most basic procedures, what people in other countries endure is now on the horizon for the United States. And there is no need to even look overseas to find cause for worry. Existing forays into government-run health care — Medicare and Medicaid — provide their own troubling glimpses of things to come.

Medicare and Medicaid are single-payer systems with the goal of providing universal coverage for specific populations: the elderly and the disabled (in the case of Medicare) and the poor and welfare-dependent (in the case of Medicaid). These programs have been around since 1965 and, despite being universally

funded by all taxpayers, are financially unsustainable, with trillions of dollars in unfunded obligations.<sup>71</sup> And yet leading Democrats are demanding more.

Senate Majority Leader Harry Reid, Department of Health and Human Services Secretary Kathleen Sebelius, and President Barack Obama himself have all voiced their support for installing a national single-payer system to replace the health care market. Yet with the realities of European socialized medicine available at a keystroke, passing any sort of forthright government takeover of the health care system in the United States was not politically feasible. Even rumors of ObamaCare being such a plan were enough to drive millions of people to the streets in protest prior to the legislation’s introduction in Congress.

And no wonder. European patients are taking it on the chin

as governments limit access to health care, due to budget cuts and constraints put in place to combat dire fiscal situations.

A report released late last year in the United Kingdom, a nation with almost complete government control of health care payments and treatment, found that there are more patients on waiting lists for care than at any other time over the last half-decade: nearly 3 million people in total.<sup>72</sup> Similar problems don’t occur here in the United States where, despite our comparable, if not worse, fiscal problems, health care payments and administration are mostly detached from the bloated government. Despite the system’s flaws, the United States can be proud that it continuously outperforms its Western counterparts when it comes to outcomes like the ability to see a specialist or have elective surgery within a reasonable amount of time:

71. Veronique de Rugy, “The US Debt in Perspective,” *The Mercatus Center*, July 16, 2013. <http://mercatus.org/publication/us-debt-perspective>

72. Nick Collins, “NHS waiting lists are longest in five years,” *The Telegraph*, Aug. 15, 2013. <http://www.telegraph.co.uk/health/healthnews/10246145/NHS-waiting-lists-are-longest-in-five-years.html>

### Wait times for specialist appointments (2010)

Country	Less than 4 weeks	2 months or more
Australia	54.0%	28.0%
Canada	41.0%	41.0%
France	53.0%	28.0%
Germany	83.0%	7.0%
Netherlands	70.0%	16.0%
New Zealand	61.0%	22.0%
Norway	50.0%	34.0%
Sweden	45.0%	31.0%
Switzerland	82.0%	5.0%
United Kingdom	72.0	19.0%
United States	80.0%	9.0%

### Wait times for Elective Surgery (2010)

Country	Less than 1 month	4 months or more
Australia	53.0%	18.0%
Canada	35.0%	25.0%
France	46.0%	7.0%
Germany	78.0%	0.0%
Netherlands	59.0%	5.0%
New Zealand	54.0%	8.0%
Norway	44.0%	21.0%
Sweden	34.0%	22.0%
Switzerland	55.0%	7.0%
United Kingdom	59.0	21.0%
United States	68.0%	7.0%

Source for Charts: 2010 Commonwealth Fund International Health Policy Survey in Eleven Countries.

<http://www.commonwealthfund.org/Topics/International-Health-Policy/Table.aspx?ind=424>

<http://www.commonwealthfund.org/Topics/International-Health-Policy/Table.aspx?ind=423>

Americans know their health system had problems, but they weren’t looking to throw out the good with the bad. That’s why ObamaCare had to be sold to the American people as primarily a “market-based” approach, and even then had to be jammed through Congress on a party-line basis with lies, bribes, and parliamentary tricks. After four years and a presidential election, the law has proved

not to be the “market-based” reform its authors claimed, confirming the worst fears of millions.

The true nature of ObamaCare, as the first leap in the nationalization of all Americans’ health care coverage, is revealed by the way it interacts with the existing federal health care programs, Medicare and Medicaid.



# SINGLE-PAYER CASE STUDY NO. 1

## The Medicaid Expansion

Medicaid is a federal entitlement program that directly finances the health care expenses of those that meet its eligibility requirements plus any additional standards set by the various states. It is funded jointly by federal and state taxpayers, and jointly managed by Congress and state legislatures. (In practice, Congress tends to call the shots.) Just like original Medicare, it is essentially a single-payer system.

Medicaid coverage is far inferior to private insurance. To reduce costs, most states have pushed their Medicaid populations into Health Maintenance Organization (HMOs), and have legislatively cut reimbursements for doctors and hospitals to the bone. As a result, Medicaid is now the worst insurance product around. For example, Medicaid only pays about 61 percent of what Medicare pays, nationally, for outpatient physician services.<sup>73</sup> (And Medicare only pays about 85 percent of what private insurance pays.) Medicaid is so stingy about reimbursing doctors that nationally one-third of doctors are unwilling to see new Medicaid patients.<sup>74</sup>

Medicaid patients have worse access and health outcomes than privately insured patients.<sup>75</sup>

Instead of reforming the troubled and inferior Medicaid program, ObamaCare greatly expanded it. The Affordable Care Act expanded the national eligibility standards for Medicaid to include virtually all low-income, childless adults, and widened the income eligibility windows for previously qualified groups. According to the Congressional Research Service, this set of changes to Medicaid “represents the single largest eligibility expansion since the start of the program in 1965.”<sup>76</sup>

The ObamaCare Medicaid expansion is considered by the proponents of ObamaCare to be a second-tier feature of the massive new law—something they don’t tout. Yet, with new Medicaid and insurance exchange enrollment figures from around the country beginning to be pooled and released by the Department of Health and Human Services, the trend so far indicates that private exchange-based plans are taking a back seat to the expansion of

old-fashioned Medicaid.

Available data for the first three months of open enrollment on the exchanges shows that these much-touted entry-points into ObamaCare (made famous by Healthcare.gov) have enrolled 2.15 million people in private insurance plans.<sup>77</sup> Medicaid enrollment over this same period totals more than 6.3 million, nearly 1.6 million of them enrolled automatically by their given exchange.<sup>78</sup> In other words, since the implementation of ObamaCare began last October, for every person enrolled in private insurance, around three more have been shoved into single-payer Medicaid.

With roughly three-times as many people being put into the government Medicaid system than are being enrolled in private insurance, it is impossible to argue that the Affordable Care Act’s primary role is to connect individuals to private health plans. The truth is the opposite: ObamaCare’s Medicaid expansion is simply an expansion of single-payer, government-run health care.

73. Peter Ubel, “Why Many Doctors Are Reluctant to See Medicaid Patients,” *Forbes.com*, November 7, 2013. <http://www.forbes.com/sites/peterubel/2013/11/07/why-many-physicians-are-reluctant-to-see-medicaid-patients/>

74. Phil Galewitz, “Study: Nearly A Third Of Doctors Won’t See New Medicaid Patients,” *Kaiser Health News*, August 6, 2012. <http://www.kaiserhealthnews.org/stories/2012/august/06/third-of-medicaid-doctors-say-no-new-patients.aspx>

75. Kevin Dayaratna, “Studies Show: Medicaid Patients Have Worse Access and Outcomes than the Privately Insured,” *Heritage.org*, November 7, 2012. <http://www.heritage.org/research/reports/2012/11/studies-show-medicaid-patients-have-worse-access-and-outcomes-than-the-privately-insured>

76. Julie Stone, Evelyn P. Baumrucker, Cliff Binder, Elicia J. Herz, Elayne J. Heisler & Alexandra J. Rothenburger, *Medicaid and the State Children’s Health Insurance Program (CHIP) Provisions in PPACA: Summary and Timeline*, CRS Report for Congress, August 19, 2010. [http://assets.opencrs.org/rpts/R41210\\_20100819.pdf](http://assets.opencrs.org/rpts/R41210_20100819.pdf)

77. “Health Insurance Marketplace: January Enrollment Report,” ASPE Issue Brief, January 13, 2014.

78. Center For Medicare and Medicaid Services, “Medicaid & CHIP: December Monthly Applications and Eligibility Determinations Report,” Department of Health and Human Services, January 22, 2014. <http://www.medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/December-2013-Enrollment-Report.pdf>

79. Avik Roy, “The Next Physician Access Problem: Medicare,” *Forbes.com*, March 9, 2011. <http://www.forbes.com/sites/aroy/2011/03/09/the-next-physician-access-problem-medicare/>

80. Richard Foster, Center for Medicare and Medicaid Services (CMS), “Memorandum: Projected Medicare Expenditures under an Illustrative Scenario with Alternative Payment Updates to Medicare Providers,” <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/downloads/2010TRAIternativeScenario.pdf>

# SINGLE-PAYER CASE STUDY NO. 2

## Shrinking Medicare Seniors’ Access to Care

When an insurance company underpays doctors and hospitals, the result is reduced access to care. Patients enrolled in a stingy insurance plan get moved to the back of the line; their care is rationed by the silent tax of longer wait times and postponed appointments.

Medicare currently underpays doctors and hospitals by about 15 percent, compared to private insurance companies. Thanks to ObamaCare, Medicare will be

slashing payments much more deeply, and seniors will get hurt.

In 2010, the Medicare agency’s Chief Actuary, Richard Foster, calculated that under ObamaCare Medicare’s reimbursement rates to hospitals and physicians will fall so steeply that they will actually be lower than Medicaid’s by the latter part of this decade. Medicaid’s rates are notoriously low—the lowest in the country, in fact. That’s why a significant share of doctors refuse to

see Medicaid patients. Additionally, Foster predicted that, thanks to ObamaCare’s slashing of Medicare reimbursements, 15 percent of American hospitals will go out of business.<sup>79 80</sup>

To be sure, Medicare needs to be reformed so that it costs taxpayers less. But ObamaCare’s way of cutting Medicare—rationing by way of reimbursement cuts—is the wrong way to do it. Instead, patients should be given more control of their care.



# SINGLE-PAYER CASE STUDY NO. 3

## Shrinking Medicare Seniors' Choices

81. "Explaining Health Reform: Key Changes in the Medicare Advantage Program", The Henry J. Kaiser Family Foundation, May 2010. <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8071.pdf>

82. Ibid.

By now, most are familiar with the ObamaCare exchanges, well-publicized by the firestorm of glitches that plagued their launch late last year. In theory, these exchanges operate as artificial "marketplaces" where customers shop for government-approved private insurance plans available in their area and, in many cases, receive taxpayer subsidies to help pay for them.

While hailed as a new and revolutionary approach to government facilitation of health care, this practice has already existed on a smaller level since 1997, well before Barack Obama became a household name. Medicare Part C, also known as Medicare Advantage, works in largely the same way that the ObamaCare exchanges do.

Like ObamaCare, Medicare Part C is a "premium support" program. Here's how it works. Patients pick from a set of government approved plans offered by private insurance companies. In order to determine which private insurers get to participate in this "market," the government first sets a benchmark for how much it is willing to pay per patient in a given area, varying the amount based on the age and sex. Private insurance companies then

submit bids to the government for the privilege of competing to provide the entire Medicare benefit package (Parts A and B) to enrollees in that area. To promote competition, the government takes a portion of the difference between the bid and the benchmark payment and refunds it to enrollees in the form of lower premiums, reduced cost-sharing, or additional benefits not covered by original (single-payer) Medicare. Enrollees are free to choose among the most affordable and comprehensive coverage plans available in their area. The idea is that, while still a government program, consumers have some semblance of choice and can enjoy the fruits of regulated competition. About one in four Medicare beneficiaries has opted into Part C, because of the greater choices and extra benefits it offers compared to original (single-payer) Medicare.

The problem is that Democrats do not like Medicare Part C, because it shines a light on the flaws of original (single-payer) Medicare, with its massive bureaucracy, thousands of arbitrary price controls, and tens of thousands of pages of regulations and red tape. So in the Affordable Care Act, they altered the Medicare Part C payment formula to drive

patients out of the choice-based Part C program and back into single-payer Medicare. For the top 25 percent of counties where total Medicare usage and costs are the highest, ObamaCare lowers the Part C benchmarks to 95 percent of single-payer Medicare.<sup>81</sup> In essence, this means that the government isn't willing to pay the same amount for a patient using the choice-based Part C system as for a patient using government-dictated, single-payer Medicare. In addition, ObamaCare slashes the refunds used to lower costs and expand benefits available to enrollees. Prior to ObamaCare, companies could recoup 75 percent of the difference between their bid and the government benchmark. Now, refund payments are tied to an ad hoc rating system where the majority of companies will only receive 50 percent of the difference, directly increasing costs and reducing benefits to patients.<sup>82</sup>

ObamaCare was sold as promoting patient choice and competition, but these changes to Medicare Part C reveal an intention hostile to choice. ObamaCare intentionally puts government's thumb on the scale against choice for seniors. Why should we believe it will promote choice for non-seniors?





# OVER THERE, OVER HERE

The concern all along was that ObamaCare was first and foremost a major step in nationalizing health care coverage for millions of Americans—an outcome dreaded by anyone familiar with the situation in many European countries. Thus, the law was sold just as Senator Landrieu described it: “a private sector market-based insurance choice for all Americans.”

Hardly. With ObamaCare fully implemented, it’s clearer every day just how off the mark the law’s champions were—and, in spite of an entire ocean, how much closer Europe really is. Changes to Medicare and Medicaid, heretofore overshadowed in the news by the law’s allegedly “market-based” reforms, are in fact driving millions of Americans away from private coverage based in consumer choice and competition into inferior European-style, government-run health care mills.





## ROLE OF FEDERAL GOV'T IN ENSURING AMERICANS HAVE HEALTHCARE COVERAGE

Do you think it is the responsibility of the federal government to make sure all Americans have healthcare coverage, or is that not the responsibility of the federal government?

**% Yes, government responsibility**

**% No, not government responsibility**

# Politicians may lie, but numbers don't.

And the numbers are staggering: nearly 5 million insurance policy cancellations and climbing, premiums increasing by double and triple digit percentages, dozens of new taxes, and almost \$1.5 trillion in new debt.

Together they speak the unimpeachable truth that ObamaCare and its most prominent supporters have completely and utterly failed the American people. However, as telling as all of these enrollment, employment, and other economic statistics are, perhaps the greatest indicator of the Affordable Care Act's legacy isn't at all what the politicians or the numbers are saying. Instead, it's what the American people are saying.

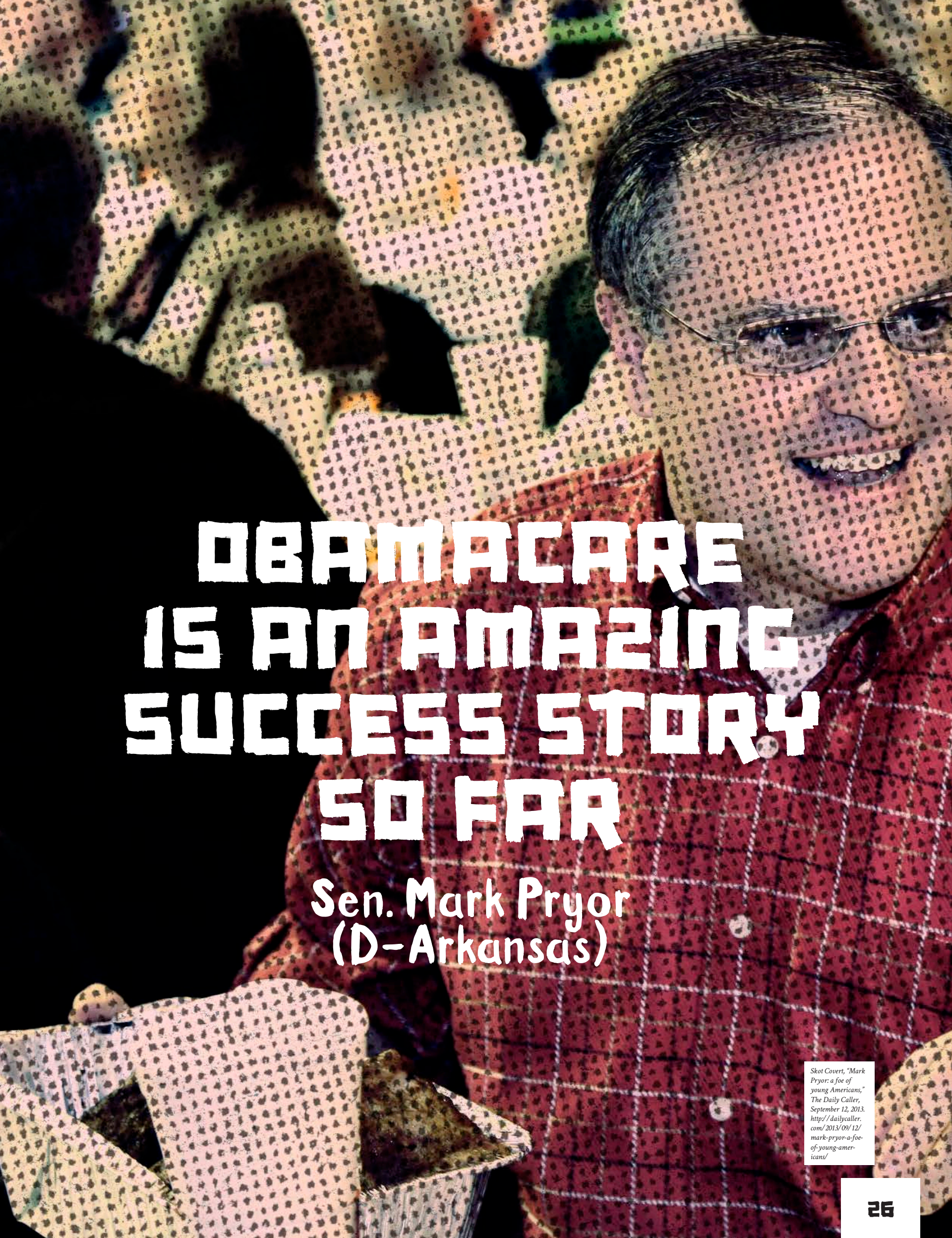
For decades, we the people have been demanding our leaders act to address the undeniable issues with the healthcare system. President Obama and his allies in Congress heard this call and interpreted it in a way that allowed them to expand the size and scope of government's influence over the healthcare industry and our lives in general.

Yet in the wake of the passage, implementation, and ongoing collapse of ObamaCare, a seismic shift has occurred in America. For the first time in recent memory, a vast and growing majority of Americans have begun to reject the idea that government has a role in the administration and procurement of our healthcare.

We cannot ignore the issues of access and affordability that continue to plague the healthcare industry, but we also cannot ignore the fact that government interference has only exacerbated the problem, not alleviated it. ObamaCare cannot be allowed to continue to crumble and take more Americans' healthcare, paychecks, and jobs with it. This year, this moment of truth for the Affordable Care Act, must be the year Americans act and elect leaders that are not only committed to repealing ObamaCare, but are also willing to fight for the patient-centered, not government-dominated, care the people need.

## The story of ObamaCare has been written, but its end rests with the American people.





# OBAMACARE IS AN AMAZING SUCCESS STORY SO FAR

Sen. Mark Pryor  
(D-Arkansas)

Skot Covert, "Mark Pryor: a foe of young Americans," *The Daily Caller*, September 12, 2013. <http://dailycaller.com/2013/09/12/mark-pryor-a-foe-of-young-americans/>





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