

# OBAMACARE

## THE HINDENBURG OF HEALTH REFORM

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## **OBAMACARE: THE HINDENBURG OF HEALTH REFORM**

Donald Trump has vowed to repeal ObamaCare (also known as the Affordable Care Act) within his first year in office. He will be doing millions of taxpayers, doctors, and patients a big favor if he succeeds.

ObamaCare was signed into law by President Obama after it was rammed through Congress by the Democrats without a single Republican vote in the House and the Senate. This multi-trillion dollar new federal health care entitlement program came with a parade of seductive promises to the American people that the health insurance system in America would be revised, expanded, and vastly improved.

## **NOW AMERICANS ARE DISCOVERING THE HARD TRUTHS ABOUT THIS MASSIVE EXPANSION OF GOVERNMENT INTO THE HEALTH CARE SYSTEM.**

1. It has made health care MORE expensive for families annually, with premiums costing as much as 2,000 per family.
2. It has hurt small businesses by adding substantially to their costs.
3. It has reduced employment in the United States, because the higher costs and mandates on employers means they often

can't afford to hire more Federal workers, trillions of dollars.

4. It has made the long-term deficit situation much worse.
5. It has reduced health insurance options and millions of Americans have not been able to keep their current health insurance "if they like it."
6. It has not saved families \$2,500 a year.
7. It may very well bankrupt the federal government and the states if this runaway train of new expenditures isn't repealed and replaced with a plan with more choices and less cost.

This brief booklet documents why ObamaCare is now on a federal life support system and why congress must now pull the plug on this costly and failed experiment.

## 1. OBAMACARE EXPLODES THE BUDGET BY \$1.4 TRILLION

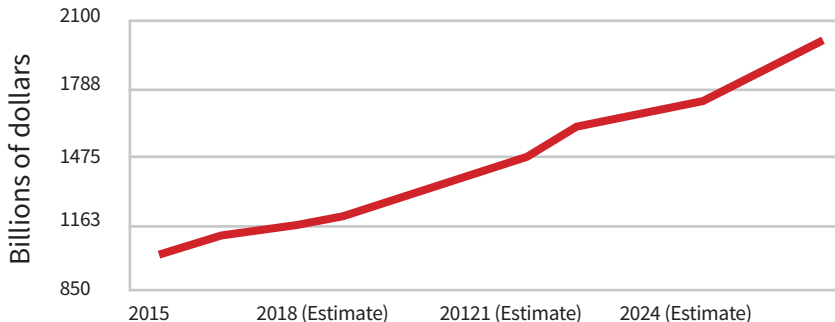
- In September 2009, President Obama promised the American people: “I will not sign a plan that adds one dime to our deficits — either now or in the future.”
- In reality, just like Medicare and Medicaid, the costs of ObamaCare are spinning out of control. The “Affordable Care Act” will cost \$1.4 trillion over the next decade and still leave 10% of Americans without health insurance.
- The long-term prognosis is even more daunting. **As of March 2015, ObamaCare will add an additional \$17 trillion over the next 75 years in unfunded liabilities.**<sup>1</sup> This is on top of the near \$20 trillion of debt the government already incurs.<sup>2</sup>
- Meanwhile, as the ObamaCare insurance exchanges continue to collapse because costs are rising so much faster than the insurance premiums, Democrats now want

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1 [http://www.thenewamerican.com/usnews/health-care/item/9162-ObamaCare%E2%80%99s-\\$17-trillion-unfunded-liability](http://www.thenewamerican.com/usnews/health-care/item/9162-ObamaCare%E2%80%99s-$17-trillion-unfunded-liability)

2 [https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51385-HealthInsuranceBaseline\\_OneCol.pdf](https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51385-HealthInsuranceBaseline_OneCol.pdf)

## MAJOR HEALTHCARE PROGRAM SPENDING OVER NEXT 10 YEARS



Source: CBO, Mandatory Outlays Projected in CBO's Baseline, Table 1-2, August 2016

a bailout of the insurance funds. That will cost taxpayers billions more.<sup>3</sup>

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3 <http://www.cnbc.com/2016/09/30/the-latest-sneaky-attempt-at-an-ObamaCare-bailout-commentary.html>

## 2. OBAMACARE KILLS JOBS

- ObamaCare mandates that all employers with at least 50 workers must provide health insurance for employees who work at least 30 hours a week.
- **If businesses don't offer the federally approved coverage they can be fined at a rate of \$2,000 to \$3,000 for each employee who isn't covered.** Employers deal with this by not absorbing the costs, but passing it onto their workers. **How? By slashing hours, cutting wages, rolling back other benefits, and firing people with the least seniority.**
- The employer mandate gave rise to the phrase “49ers” – companies that cap their workforce at 49 people to avoid costly ObamaCare regulations. Meanwhile, 29ers are employees whose hours are capped at less than 30 hours a week by businesses to avoid ObamaCare's exorbitant costs.
- Although the employer mandate just took effect in 2016 and the data is still emerging, it is clear that businesses have already responded to this burdensome regulation by



reducing hiring and cutting back on hours worked.<sup>4</sup>

- Investor's Business Daily has documented dozens of major firms that have capped hours worked to below 30 apparently to avoid the ObamaCare costs. It concludes: "the number of U.S. workers clocking just above 30 hours has fallen to a record low relative to those with work hours just below ObamaCare's full-time threshold."<sup>5</sup>
- Andy Puzder, the CEO of CKE Restaurants—a major fast food restaurant employer, and incoming Secretary of the Department of Labor, stated the problem bluntly in the Wall Street Journal: "As the CEO of a company that has been dealing with ObamaCare for over three straight years, I'd like to set the record straight: the evidence that ObamaCare is having a negative effect on hiring is unequivocal, abundant, and consistent with common sense."<sup>6</sup>

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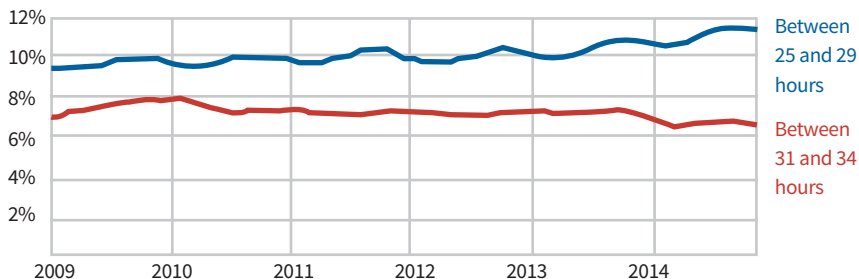
4 <http://www.investors.com/politics/ObamaCare/ObamaCare-employer-mandate-a-list-of-cuts-to-work-hours-jobs/>

5 Id.

6 <http://www.wsj.com/articles/SB10001424052702303382004579127162339871336>

## PART-TIME EMPLOYEES BY HOURS WORKED

Share of all part-time workers, six-month moving average



Source: Five Thirty Eight

### 3. OBAMACARE TAXES ARE HARMING THE ECONOMY

- ObamaCare unleashed a torrent of new taxes on the American economy – with many falling directly on the middle class. The Wall Street Journal reports ObamaCare is the single largest tax increase in the history of the middle class.<sup>7</sup>
- In addition to the *huge* individual mandate tax, ObamaCare also raised taxes on investment income, medical device manufacturers, certain health insurance policies, our company and hospitals. Exactly how this was supposed to make health insurance more affordable is beyond us.<sup>8</sup>
- Although Nancy Pelosi once claimed that “four million jobs will be created by the legislation when it is fully in effect”, the Congressional Budget Office now estimates that ObamaCare will cost the U.S. economy the equivalent of 2 million jobs.<sup>9</sup>

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7 <http://www.wsj.com/articles/SB10001424052702304782404577490842520348690>

8 <http://www.atr.org/full-list-ACA-tax-hikes-a6996>

9 <http://townhall.com/tipsheet/guybenson/2015/12/09/cbo-ObamaCare-will-cost-the-us-economy-two-million-jobs-n2091093>

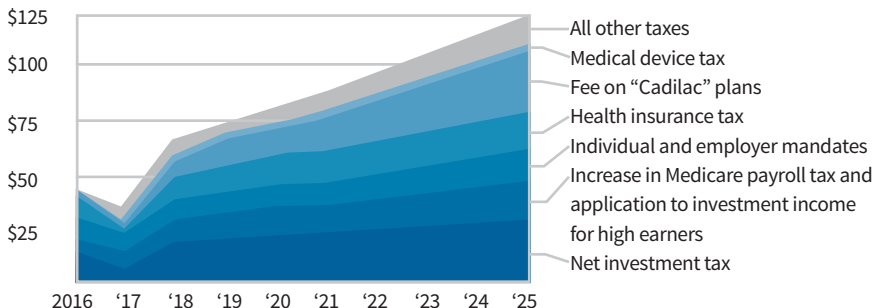
- ObamaCare's new taxes and penalties will cost the U.S. economy over \$800 billion over the next ten years.<sup>10</sup>

10 <http://www.heritage.org/research/reports/2016/04/year-six-of-the-affordable-care-act-Obamacare-mounting-problems>

## OBAMACARE'S NEW TAXES AND PENALTIES

Obamacare's new taxes, fees, and penalties will cost taxpayers an estimated \$832 billion over the years 2016-2025

### Taxes in Billions of Nominal Dollars



Source: Heritage Foundation

## 4. MILLIONS OF AMERICANS ARE STILL UNINSURED

- On April 1, 2014, standing in the rose garden at the White House, President Obama claimed that the Affordable Care Act meant “everybody” would have health insurance.<sup>11</sup>  
It’s no wonder Obama chose April Fool’s Day to make this remark — because 29 million Americans remain uninsured to this day.<sup>12</sup>
- Why are there so many millions of Americans still uninsured? According to the *Financial Times*, one of the biggest factors is *still* the cost of health insurance. This comes as no surprise. Despite being titled the “Affordable Care Act”, President Obama’s signature legislation rules out free market reforms that would have increased competition, and lowered costs, in health insurance markets.<sup>13</sup>
- In 2010, the Congressional Budget Office estimated that ObamaCare exchange enrollment would increase by 8 million in 2016. That

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11 <https://www.whitehouse.gov/the-press-office/2014/04/01/remarks-president-affordable-care-act>

12 <http://www.thefiscaltimes.com/2016/05/10/Even-ObamaCare-29-Million-People-Are-Uninsured-Here-s-Why>

13 Id.

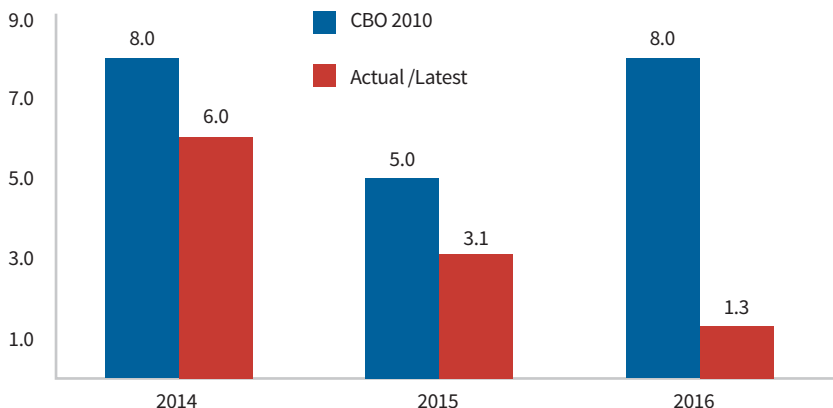
figure has since been revised to 1.3 million – a shocking decline in the anticipated growth of insured Americans.<sup>14</sup>

- So we have spent hundreds of billions of dollars already and we still have nearly 30 million Americans without insurance.

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14 <http://www.forbes.com/sites/theapothecary/2016/01/26/cbo-slashes-2016-ObamaCare-exchange-enrollment-projections-by-8-million/#152ac6b791e7>

### PREDICTED VS. ACTUAL ACA EXCHANGE NET ENROLLMENT GROWTH, 2014-2016 (MILLIONS)



source: Forbes

## 5. OBAMACARE INSURANCE COSTS ARE DRAINING FAMILY FINANCES

- In October 2016 the Department of Health and Human Services reported that premiums for “midlevel” health plans under ObamaCare would increase 22% next year (2017). How many families’ incomes rose near that fast?
- Clearly Americans aren’t saving \$2,500 under ObamaCare. In 2016, the average annual premiums for employer-sponsored health insurance are \$6,435 for single coverage and \$18,142 for family coverage.<sup>15</sup>
- Blue Cross Blue Shield of **Illinois**, the most popular insurer on the state’s ObamaCare exchange, is proposing increases ranging from 23 percent to 45 percent in premiums for its individual health-care plans, according to proposed 2017 premiums.<sup>16</sup>
- Most shockingly, Arizona expects a whopping 116% increase to the Silver plans on the ObamaCare exchange in 2017, according to the most recent Department of Health and Human Services data. See

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15 <http://kff.org/report-section/ehbs-2016-summary-of-findings/>

16 <http://www.chicagotribune.com/business/ct-illinois-ObamaCare-rates-0802-biz-20160801-story.html>

Figure 1 for more detail in premium increases around the country.<sup>17</sup>

- Americans are paying more money for less health coverage. According to Kaiser - the average deductible for people with employer-provided health coverage [rose from \\$303 to \\$1,077](#) between 2006 and 2015.<sup>18</sup>
- The Figure 1 demonstrates the top ten changes in premiums for the lowest cost Silver Plans in the various states where they are offered on the exchange. Figure 2 shows the continuing climb of premiums from the beginning of the exchange.

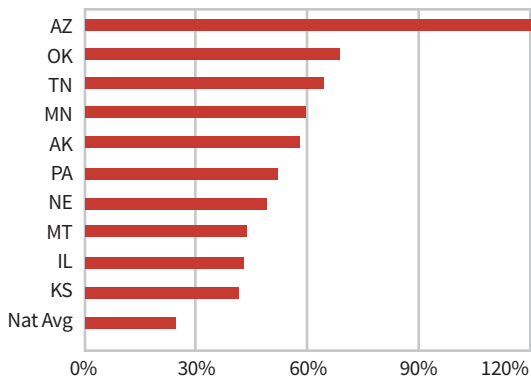
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17 <https://aspe.hhs.gov/sites/default/files/pdf/212721/2017MarketplaceLandscapeBrief.pdf>

18 <http://www.healthsystemtracker.org/insight/payments-for-cost-sharing-increasing-rapidly-over-time/>



**FIG 1: TOP 10 OBAMACARE PREMIUM INCREASES BY STATE IN 2017**

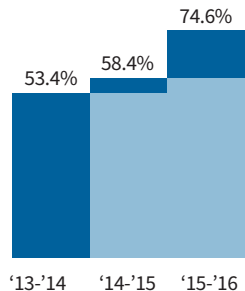


\*Numbers are based on the average price change of Silver Plans purchased by 27-year-olds from 2016-2017.

Source: Department of Health and Human Services

**FIG 2: PREMIUMS CONTINUE TO CLIMB UNDER OBAMACARE**

Increases in the National Average Health Insurance Premiums for Plans in the Individual and Small Employer Markets



## 6. MEDICAID ROLLS BURSTING

- Figure 1 below shows in 2007, 46.4 million people were enrolled in Medicaid. Today, more than 72.7 million people are enrolled in the program, which was originally supposed to help very low income Americans.<sup>19</sup> So ObamaCare has increased Medicaid enrollment by about 50% and the budget of Medicaid has similarly expanded to \$350 billion a year – or almost one billion dollars of spending every day.<sup>20</sup>
- Meanwhile, taxpayer subsidies for health insurance purchased through the exchanges that were established under the ACA, as well as related spending, increased by \$23 billion in 2015, to a total of \$38 billion. (Subsidies are structured as refundable tax credits).<sup>21</sup>

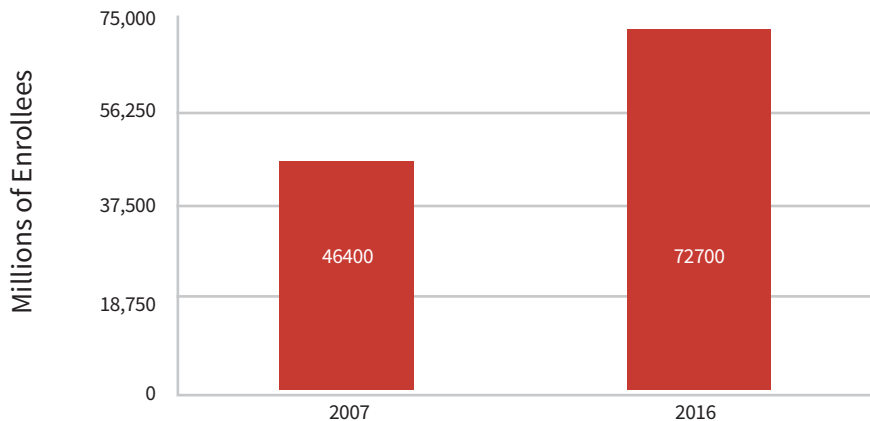
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19 [https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51129-2016Outlook\\_OneCol-2.pdf](https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51129-2016Outlook_OneCol-2.pdf) pg. 16

20 CMS Medicaid Budget Overview Table

21 <http://www.cnsnews.com/news/article/barbara-hollingsworth/cbo-ObamaCare-costs-increase-2016-despite-lower-expected>

## MEDICAID GROWTH IN LESS THAN 10 YEARS



Source: Historical and Projected Medicaid Enrollment and Expenditures and Average Federal Share of Expenditures

## 7. OBAMACARE HURTS MILLENIALS THE MOST

- Because of ObamaCare, millennials have seen up to a [44](#) percent increase in premiums because the new 3-1 ratio mandates that older people can't be charged more than three times the cost of a young person's health care.<sup>22</sup> This forces the young to subsidize the old in the health insurance market.<sup>23</sup>
- This gives young people a strong monetary incentive to go without insurance and pay the annual fine for not buying insurance and then still “free ride” at the expense of the taxpayer with hospital emergency room care when they do get sick.
- If these regulations weren't in place, young people's premiums would be reduced by around \$1,100 each year!<sup>24</sup>
- Instead of expanding coverage, fewer are actually insured.

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22 <http://dailysignal.com/2016/03/28/3-ways-ObamaCares-insurance-regulations-could-cost-you/>

23 Responding to King v. Burwell: Congress's First Step Should Be to Remove Costly Mandates Driving Up Premiums, The Heritage Foundation [http://thf\\_media.s3.amazonaws.com/2015/pdf/IB4400.pdf](http://thf_media.s3.amazonaws.com/2015/pdf/IB4400.pdf)

24 Steve Moore and Steve Forbes, “The Fantasy That ObamaCare is Working” <http://nation.fox-news.com/2015/06/13/moore-fantasy-ObamaCare-working>

According to the Census, 16% of Americans between 25 and 34 remain uninsured, which is 71% higher than those who are 45 to 65 years old.<sup>25</sup>

- In addition, some options that were specifically designed for young people have been outlawed. Most college students only need and want basic coverage, which they could get through a limited benefit plan. ObamaCare has abolished these minimum coverage caps (The plan's minimum amount of money used to cover medical expenses) that characterizes these short-term, college plans. This desirable option of limited, short-term insurance coverage is now no longer available for hundreds of thousands of students.<sup>26</sup>

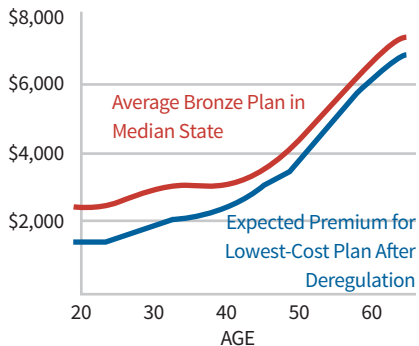
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25 <http://www.wsj.com/articles/a-millennials-ObamaCare-lament-1474841722>

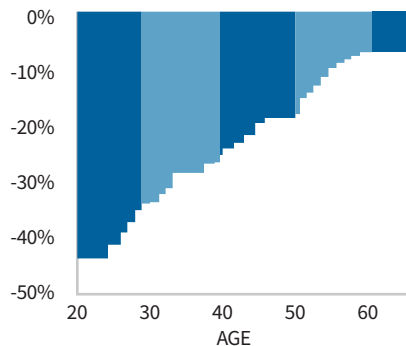
26 <http://dailysignal.com/2016/08/10/3-reasons-why-ObamaCare-is-bad-for-millennials/>

## REMOVING ACA REGULATIONS WOULD LOWER INSURANCE PREMIUMS

Difference in Dollars



Difference in Percentages



Source: Heritage Foundation

## 8. NO YOU CAN'T KEEP YOUR DOCTOR OR INSURER. FEWER CHOICES

- With Aetna and UnitedHealth's recent decision to withdraw from the majority of states where it currently offers health insurance plans through the ACA because of mounting costs<sup>27</sup>, we are seeing the Obama's original hope of destroying private insurance and moving to single payer come to life.<sup>28</sup>
- Aetna and UnitedHealth cited expected losses of \$650 million and \$300 million, respectively. Humana, a smaller insurer in the ACA exchanges, also indicated in May of this year it will be withdrawing from at least two states in order to help stem losses. At least half of the established healthcare cooperatives, created under ObamaCare to provide alternative coverage from those plans offered by large insurance companies and introduce competition, have been forced to close.<sup>29</sup>
- Fewer Choices – Literally – Fewer - UnitedHealth currently

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27 <http://www.washingtontimes.com/news/2016/aug/29/aetna-unitedhealth-pulling-out-of-ObamaCare-leavin/>

28 Obama Speaking to AFL/CIO in 2007, <https://www.youtube.com/watch?v=fpAyan1fXCE>

29 <http://www.fool.com/investing/2016/06/26/ObamaCare-premiums-are-expected-to-go-up-by-this-m.aspx>

participates in 1,855 counties—59% of all counties nationwide with around 71% of marketplace enrollees. According to researchers at the Kaiser Family Foundation (KFF), **32% of counties will only have 1 insurance choice throughout the country, which is up from 7% in 2016.** Last year, there were 1,121 counties that had one or two insurers—if we were to add this amount to the 532 counties that would have just one or two insurers **if UnitedHealth were to withdraw from all counties, we would find that a little over half, or 53%, of U.S. counties would have just one or two exchange insurers,** with enrollees in rural areas and southern states experiencing the greatest impact.<sup>30</sup>

- Aetna announced that it would be withdrawing from 11 of the 15 states in which it currently operates, or from almost 70% of the counties where it sells health care plans, leaving one county in Arizona with no health insurers offering ObamaCare plans in 2017. Many of the states Aetna will be leaving include nine that UnitedHealth has also chosen to leave.<sup>31</sup>

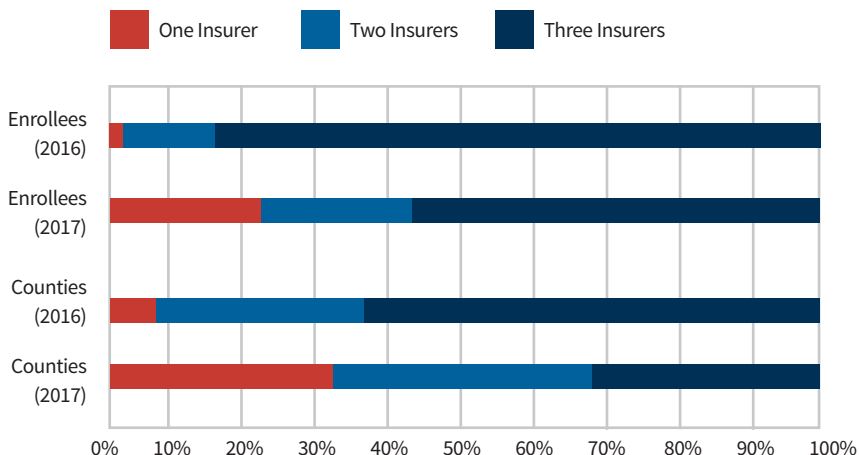
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30 ObamaCare Revisited – Julia Roseman – Laffer Associates

31 Aetna plans to reduce the number of counties it sells ObamaCare plans from 778 to 242. See: Anna Wilde Mathews, “Aetna to Drop Some Affordable Care Act Markets,” The Wall Street Journal, August 15, 2016. <http://on.wsj.com/2bEG19A>



## 32% OF COUNTIES WILL HAVE ONE EXCHANGE INSURER IN 2017, COMPARED TO 7% OF COUNTRIES WITH ONE EXCHANGE INSURER IN 2016



## 9. ALTERNATIVES TO OBAMACARE

**Empowering Patients First Act (H.R. 2300/S. 2519):** Introduced by Rep. Tom Price (R-Ga.) and Sen. John McCain (R-Ariz.), the Empowering Patients First Act repeals ObamaCare and replaces it with refundable tax credits for coverage, allows individuals to opt-out of government-run programs such as Medicare or Medicaid in favor of a tax credit to purchase private coverage, expands health savings accounts, gives federal grants to states to fund high-risk pool and/or reinsurance pool to cover those with pre-existing conditions or who may be otherwise uninsurable. Importantly, one major aspect of the bill is portability, separating health insurance coverage from employment. The House version of the bill has 84 cosponsors, including a dozen members of the House Freedom Caucus. A previous iteration of the Empowering Patients First Act saved \$1.704 trillion over a decade.

**World's Greatest Healthcare Plan Act (H.R. 5284/S. 2985):**

Introduced by Rep. Pete Sessions (R-Texas) and Sen. Bill Cassidy (R-La.), the World's Greatest Healthcare Plan Act provides a universal tax credit to help individuals purchase insurance coverage. The tax credit varies by age and geographic level, not by income. The plan also addresses pre-existing conditions, according to John C. Goodman, through “[r]isk adjustment between health plans (similar to Medicare Advantage),” which “will insure each plan receives an actuarially fair

premium when receiving an enrollee from another plan.” The bill promotes HSAs and promotes portability.

**American Health Care Reform Act (H.R. 2653):** Introduced by Rep. Phil Roe (R-Tenn.), a physician, the American Health Care Reform Act is the Republican Study Committee’s ObamaCare alternative. The bill fully repeals ObamaCare, provides individuals and families with tax deductions for “qualifying insurance,” creates state-based high-risk pools to provide coverage for those with pre-existing conditions, and allows Americans to purchase coverage across state lines. The American Health Care Reform Act has 99 cosponsors, including 14 members of the House Freedom Caucus.

**Health Care Choice Act (H.R. 543/S. 647):** The Health Care Choice Act repeals ObamaCare and allows health plans to in a primary state to be sold in secondary state, provided the plan meets the insurance requirements of the secondary state. The Health Care Choice Act was introduced by Rep. Marsha Blackburn (R-Tenn.) and Sen. Ted Cruz (R-Texas).

