



Keeping the Focus on Repeal

By Christopher M. Jaarda

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On February 2nd, the Senate voted 81 to 17 to repeal ObamaCare's job-killing 1099 tax reporting requirement. That particular provision requires every small business, church, and charitable group to send annual 1099 tax forms to anyone that they conduct at least \$600 of business with in a given tax year. The public outcry was justifiable – and predictable – given the certain havoc this provision would have wreaked on America's already-fragile economy.

By voting for repeal of the provision, Senate Democrats unwittingly helped make conservatives' point that ObamaCare is an ill-conceived law that will saddle the U.S. economy with numerous taxes and reporting burdens and actually does very little to improve the nation's healthcare system.

While debating the 1099 provision on the Senate floor, Democrats sounded like Claude Rains' character Captain Renault in *Casablanca*: they were "[shocked, shocked](#)" to discover that ObamaCare – which they wrote – contains a 1099 provision. Democrats evidently really took Nancy Pelosi's words to heart when she said Congress needed "to pass the bill [to] find out what's in it."

Given the negative stories that have come out since ObamaCare became law, it would be easy to lose the forest for the trees. Each isolated story about the negative impact of ObamaCare detracts from the larger narrative – that the entire law is flawed from inception to implementation. As ObamaCare's one-year anniversary draws near, it is worth taking a step back to view the cumulative negative impact of the law:

- **Federal Budget (Deficit) Impact.** According to [testimony](#) before the House Ways & Means Committee by Douglas Holtz-Eakin, the former Congressional Budget Office (CBO) director, when "... one strips out gimmicks and budgetary games and reworks the calculus... [ObamaCare] would raise, not lower, federal deficits, by \$554 billion in the first ten years and \$1.4 trillion over the succeeding ten years." This law is a budget-buster, not a budget-saver.
- **Jobs.** At the White House healthcare summit in February 2010, then-Speaker Nancy Pelosi (D-CA) promised that the healthcare law would create "four million jobs, 400,000 jobs almost immediately." The Bureau of Labor Statistics reports that since the enactment of ObamaCare 2.7 million people have dropped out of the workforce (measuring from April 2010 to January 2011, seasonally adjusted). In addition, the economy is projected to lose nearly [800,000](#) jobs as a result of ObamaCare by 2019.
- **Medicare Advantage.** ObamaCare's payment freeze for Medicare Advantage (MA) will cause millions of seniors to lose their insurance and will lead to doctor [shortages](#). According to the *Centers for Medicare and Medicaid Services* (CMS), 3.7 million seniors

will lose their MA plan and another 3.7 million who would have enrolled will be unable to do so.

- **Child-Only Policies.** ObamaCare prohibits insurers from denying coverage to children with pre-existing conditions, which has already led many insurers to [stop selling](#) child-only policies in 34 states. To date, 20 states no longer have any insurers offering these policies. This provision of ObamaCare threatens the loss of insurance for [500,000](#) children across the country.
- **Mini-Med Plans.** ObamaCare bans both lifetime and annual policy limits which effectively outlaws so-called “mini-med” insurance policies. Nearly [1 million](#) Americans rely on these plans to meet their coverage needs. Additionally, businesses often offer these plans to lower income workers to provide them with basic insurance coverage. ObamaCare’s mandates will force insurers to stop offering these policies, thus causing people to lose their current insurance.
- **HHS’s Politics of Waivers.** The elimination of coverage limits has also opened the door for HHS to issue waivers to employers who would otherwise drop their current plans. To date, [40% of the waivers](#) issued by HHS have been given to labor unions even though union workers only account for 9.6% of the national workforce.
- **Expanding Medicaid/CHIP.** According to [CBO](#) (see page 31), half of ObamaCare’s newly insured (or 16 out of 32 million) will gain access to coverage due to the expansion of Medicaid and CHIP (another 24 million will gain taxpayer-subsidized insurance through the exchanges). But CBO also says that ObamaCare will cause 8 million people who currently have employer-sponsored and non-group coverage to lose their coverage. Accordingly, instead of building on free-market aspects of healthcare to lower costs for everyone, ObamaCare simply expands government programs, which will make people less cost conscious. This in turn will lead to higher, not lower, costs.
- **Effect on the Individual Market.** ObamaCare has already caused insurance companies to drop plans and exit the market altogether. For example, in September of 2010, [two of Minnesota’s largest healthcare providers](#) BlueCross & Blue Shield and HealthPartners dropped their individual plans on the same day as a result of ObamaCare.
- **Rising Premiums.** In states across the country insurers have been notifying their customers of the need to raise premiums [citing](#) increased “expenses resulting from healthcare laws” as the reason for these increases. For example, Blue Shield of California has sought a 59% rate increase for certain policies, Vermont’s MVP Health Care is raising rates 21%, Wellmark in Iowa is planning a rate hike of 10.8%, and Blue Transitions in Iowa is seeking to increase rates by 15% on top of an 18% increase in May of 2010. Washington state’s insurance commissioner has already approved rate hikes of 16.4% for Regence Blueshield and 23.7% for Asuris Northwest Health. In case after case, insurers are attempting to assess the impact ObamaCare will have on costs and the premiums they charge their customers.
- **Impact on State Budgets.** The administrative expenses of covering those who will gain insurance as a result of ObamaCare will fall almost entirely on the states. According to Indiana Governor Mitch Daniels, writing in [The Wall Street Journal](#), ObamaCare will add

15 to 20 million enrollees to Medicaid and states will be required to operate the insurance exchanges, which CBO says will cover 24 million others. While the feds will pay for a portion of the healthcare services under ObamaCare, the law requires the states to pick up all of the administrative costs for these programs. As such, Daniels notes, that ObamaCare presents “huge new costs” and a “huge burden” for Indiana that “the law’s authors [did not] account for truthfully.”

- **Constitutionality.** To date, federal courts in Virginia and Florida have held the individual mandate was unconstitutional and the Florida court invalidated all of ObamaCare as a result. These two courts are the only courts in the country that have heard the case against ObamaCare and decided those cases on the merits. The White House and DOJ have argued that the individual mandate was a critical component of ObamaCare to make the law work but these cases highlight just how shaky is the foundation of ObamaCare.

Americans are already feeling the burdens of ObamaCare, as many of them grapple with new taxes, restrictions on Health Savings Accounts (HSA’s), and fewer choices for consumers and the loss of private health insurance plans. In the face of ObamaCare’s ugly consequences, the law’s defenders now have the increasingly difficult task of explaining how minor tweaks and small-scale improvements will fix the law. Republicans should continue to remind Americans that ObamaCare is fatally flawed – beyond repair – and thus the best strategy is full repeal.

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Christopher Jaarda is the President of the American Healthcare Education Coalition (AHEC). AHEC is a national non-profit, public-interest organization founded in 2010 to help educate the American public about issues affecting our nation’s healthcare system and to advance a healthcare system that places patients and doctors at the center of health decisions and to advance a free-market health care system as the best way to both achieve the best quality of care and the best value for consumers.

Read more about AHEC’s work at www.healthcare-coalition.org.

ABOUT THE ARTICLE:

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