



The Ten Broken Promises of ObamaCare

Within months of ObamaCare becoming law, it was apparent that the new law had not lived up to the political promises made to the American people. This document details those promises and explains why those promises have been proven false.

MYTH: *Individuals will keep their coverage*

During the healthcare policy discussions in 2009 and 2010, one of the central promises touted by the Obama Administration and Democrats in Congress was that people in the United States who liked their health insurance would be able to keep those plans without changes. Now, nearly a year after ObamaCare became law, the Obama Administration predicts “many employers will be forced to make changes to their health plans under the new law. In just three years, a majority of workers – 51% – will be in plans subject to new federal requirements.”ⁱ

In spite of the Democrats’ promises, ObamaCare has already caused tens of thousands of Americans to lose their healthcare coverage. In November 2010, an SEIU-affiliate in New York cancelled its coverage for 6,000 children because of the new requirements under ObamaCare.ⁱⁱ Additionally, Medicare Advantage plans across the country have been cancelled because of the new healthcare law.ⁱⁱⁱ As a result, tens of thousands of seniors have been forced to find new health insurance plans.

MYTH: *ObamaCare will curb the cost of healthcare and help to lower insurance premiums*

Throughout 2010, Democrats consistently argued that the health care bill would lower insurance premiums and reduce families’ out-of-pocket medical expenses. As many of the provisions begin to go into effect, however, it is becoming increasingly clear that the legislation will actually increase consumers’ costs. For example, according to the Obama Administration’s own Centers for Medicare & Medicaid Services (CMS), ObamaCare imposes a number of annual fees on drug manufacturers, prescription drug importers, and health insurance plans.^{iv} Moreover, the healthcare law establishes new taxes on certain retail sales by manufacturers and importers of medical devices. CMS anticipates that these fees and taxes will “generally be passed through to health consumers in the form of higher drug and device prices and higher insurance premiums.”^v

Moreover, ObamaCare will increase health insurance premiums for millions of Americans. The RAND Corporation estimates that young, healthy Americans will see their premiums rise approximately 17%, or about \$42 per month.^{vi} In addition, the Congressional Budget Office notes that workers who buy their own insurance (rather than getting it through their employer)

will likely see their premiums increase between 10 and 13% faster than if the bill had never passed.^{vii}

MYTH: *ObamaCare is a deficit reduction bill*

According to the Heritage Foundation, ObamaCare relies on “several budgetary gimmicks” in order to make it appear as though the legislation would actually reduce the deficit.^{viii} These gimmicks include “double-counting savings from Medicare and the CLASS Act, indexing benefits to general inflation rather than medical inflation, and delaying the expensive provisions of the bill.”^{ix} When these costs are included, ObamaCare’s total price tag is close to \$2.5 trillion.

MYTH: *ObamaCare stabilizes the federal budget and cuts government overspending*

The Obama administration itself has debunked this myth. CMS “estimate[s] that Federal expenditures will increase by a net total of \$251 billion” over the next decade as a result of the enactment of ObamaCare.^x

MYTH: *ObamaCare prohibits the use of federal funds for abortion*

Rather than pass the Stupak-Pitts Amendment,^{xi} which would have clearly prohibited taxpayer-funded abortions under ObamaCare, President Obama attempted to satisfy pro-life Democrats with a weak Executive Order (EO) that prohibited the use of taxpayer funds for abortion. Beginning in July 2010, however, media reports explained that federal funds from ObamaCare will now be available in high-risk insurance pools in New Mexico and Pennsylvania for abortion funding.^{xii} This development highlights one of the main weaknesses of Obama’s Executive Order – namely, that it is completely unable to prevent states from using federal funds for abortion.

In response to proposed state regulations to cover abortions, Secretary of Health and Human Services (HHS), Kathleen Sebelius announced that states could not pay for abortions with ObamaCare funds, except in cases of rape or incest, or when the mother’s life is in danger. The fact that HHS had to respond to this issue further undermines any claims that the EO effectively stopped abortion funding under ObamaCare.

MYTH: *ObamaCare is good for the economy*

ObamaCare contains an unpopular provision that will require every small business to file 1099 reports with the IRS any time a business buys more than \$600 a year in goods or services from a vendor beginning in the year 2012.^{xiii} According to Chris Edwards of the Cato Institute, this costly new mandate “will force millions of businesses to issue hundreds of millions, perhaps billions, of additional IRS Form 1099s every year.”^{xiv} This new requirement will hurt small businesses because they will be forced to waste time filling out forms, modifying their computer

systems, collecting and organizing information, and dealing with the bureaucratic nightmare that is the IRS.

MYTH: *The individual mandate is not a tax increase*

One of the chief criticisms against ObamaCare's individual mandate is that it is a *de facto* tax on every American citizen. The response from Democrats in Congress and the Obama Administration in early 2010 was that this fee is not a tax. However, now that 27 states have sued the federal government over this particular provision, the Obama Administration is making the opposite argument – that the individual mandate should be seen as a tax.

The 27 states engaged in lawsuits against the federal government have collectively argued that the individual mandate is unconstitutional because it over-reaches with its interpretation of the Constitution's Commerce Clause. In defending the constitutionality of this provision, the Obama Administration has argued that Congress has the "power to lay and collect taxes."^{xv} Thus, in a desperate attempt to justify the individual mandate, President Obama is now defending this provision by arguing that it is a tax, even though for months the Democrats insisted that the individual mandate was not tantamount to a new tax. In its court brief, Obama's Justice Department stated that this mandate will raise \$4 billion in tax revenues annually by 2017, that individuals must report compliance on their tax returns "as an addition to income tax liability," and that the IRS is responsible for ensuring compliance and collecting fines.^{xvi}

MYTH: *ObamaCare protects Medicare*

In June of 2010, *The Wall Street Journal* reported that "many insurance companies are planning to increase costs for a range of services for seniors next year."^{xvii} ObamaCare has forced "[d]ozens of Medicare Advantage providers...to cut back vision, dental and prescription benefits."

Additionally, some Medicare plans are now raising fees for hearing aides, eye glasses, and emergency-room visits.^{xviii} According to medical consultants, the primary reason for the cutbacks is that ObamaCare imposes drastic cuts to payments from the federal government to insurers that provide Medicare Advantage plans.

MYTH: *ObamaCare does not benefit illegal immigrants*

One of the assurances that Democrats made in passing this healthcare law was that illegal immigrants would not be able to benefit from new taxpayer-subsidized health insurance plans. However, the legislation that President Obama signed into law does not contain a meaningful verification system that would effectively prohibit illegal aliens from being able to access taxpayer subsidies contained in the law. One of the main problems with ObamaCare is that the law does not require anyone to present a government-issued photo I.D. when applying for

healthcare benefits.^{xix} In other words, the law contains no safeguards to protect taxpayers from paying for expensive medical care for people who have illegally entered the country.

MYTH: *ObamaCare does not ration care*

Dr. Donald Berwick, President Obama's choice to head the Centers for Medicare and Medicaid Services (CMS), is a proponent of rationing care and has stated on numerous occasions that the only way to curb the cost of healthcare in a meaningful way is to limit the number of services and the type of care available. Dr. Berwick – who was appointed during a Congressional recess and therefore not subject to the Senate's usual "advise and consent" vetting process – has praised the British system of socialized medicine and the rationing of health care.^{xx} According to Dr. Berwick, "The decision is not whether or not we will ration care – the decision is whether we will ration with our eyes open."^{xxi} It seems clear from this high-level appointment that the Obama Administration is open to discussions on rationing health care in the United States.

ⁱ Ricardo Alonso-Zaldivar, "Health Overhaul to Force Changes in Employee Plans," *Associated Press*, June 11, 2010. Available at: <http://www.breitbart.com/article.php?id=D9G993800>

ⁱⁱ Yulia Chernova, "Union Drops Health Coverage for Workers' Children," *The Wall Street Journal*, November 20, 2010, available at: <http://blogs.wsj.com/metropolis/2010/11/20/union-drops-health-coverage-for-workers-children/> (accessed January 1, 2011).

ⁱⁱⁱ Karthryn Nix, "The Verdict Is In: Medicare Advantage Will Suffer Under ObamaCare," *The Foundry*, October 15, 2010, available at: <http://blog.heritage.org/2010/10/15/the-verdict-is-in-medicare-advantage-will-suffer-under-obamacare/> (accessed on January 3, 2011).

^{iv} Centers for Medicare & Medicaid Services, Actuarial Report, April 22, 2010. Available at: <http://www.docstoc.com/docs/35791321/4222010-CMS-Actuary-Report-on-the-Affordable-Care-Act>

^v Ibid.

^{vi} Carla K. Johnson, "Health Premiums Could Rise 17 PCT for Young Adults," *Associated Press*, March 29, 2010. Available at: <http://www.breitbart.com/article.php?id=D9EOIBQ00>

^{vii} Michael D. Tanner, "Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law," (Washington, DC: Cato Institute, 2010). Available at: <http://www.cato.org/pubs/wtpapers/BadMedicineWP.pdf>

^{viii} Kathryn Nix, "Top 10 Disasters of Obamacare," Heritage Foundation, March 30, 2010. Available at: http://www.heritage.org/Research/Reports/2010/03/Top-10-Disasters-of-Obamacare#_ftn2

^{ix} Ibid.

^x Centers for Medicare & Medicaid Services, Actuarial Report, April 22, 2010. Available at:

<http://www.docstoc.com/docs/35791321/4222010-CMS-Actuary-Report-on-the-Affordable-Care-Act>

^{xi} The Stupak-Pitts Amendment was an amendment to the proposed Affordable Health Care for America Act of 2010 (the House version healthcare reform). Reps. Bart Stupak (D-MI) and Joseph Pitts (R-PA) jointly submitted this amendment. The stated purpose of the Amendment was to prohibit the use of federal funds "to pay for any abortion, or to cover any part of the costs of any health plan that includes coverage of abortion." Exceptions would be made for cases of rape, incest, or physical risk to the mother. The amendment was adopted by the House, but was not included in the Senate version, the Patient Protection and Affordable Care Act, which passed and was subsequently "deemed to have been passed" by the House on March 23, 2010.

^{xii} Mimi Hall, “New Health Law Raises Questions on Abortions,” *USA Today*, July 14, 2010. Available at: http://www.usatoday.com/news/washington/2010-07-15-abortion15_ST_N.htm

^{xiii} Laura Saunders, “Why the Self-Employed Might Owe OfficeMax a 1099,” *The Wall Street Journal*, July 17, 2010. Available at: <http://online.wsj.com/article/SB10001424052748704913304575371033842971968.html?KEYWORDS=OfficeMax>

^{xiv} Chris Edwards, “Costly IRS Mandate Slipped into Health Bill,” Cato Institute, April 26, 2010. Available at: <http://www.cato-at-liberty.org/costly-irs-mandate-slipped-into-health-bill/>

^{xv} Robert Pear, “Changing Stance, Administration Now Defends Insurance Mandate As a Tax,” *The New York Times*, July 17, 2010. Available at: http://www.nytimes.com/2010/07/18/health/policy/18health.html?_r=3

^{xvi} Bob Beauprez, “The Tax That Wasn’t,” *A Line of Sight*, July 20, 2010. Available at: <http://alineofsight.com/blogs/bob-beauprez/2010/07/20/tax-wasn%E2%80%99t>

^{xvii} Janet Adamy, “HHS Warns Insurers on Rates,” *The Wall Street Journal*, June 7, 2010. Available at: <http://online.wsj.com/article/SB10001424052748704726104575291121755620054.html?KEYWORDS=HHS+Warns+Medicare>

^{xviii} James C. Captretta, “ObamaCare and Medicare Advantage Cuts: Undermining Seniors’ Coverage Options,” Heritage Foundation Webmemo #3113, January 20, 2011. Available at: <http://www.heritage.org/research/reports/2011/01/obamacare-and-medicare-advantage-cuts-undermining-seniors-coverage-options>

^{xix} “How the Senate Health Care Bill (H.R. 3590) Impacts Immigration,” Federation for American Immigration Reform, December 4, 2009. Available at: http://www.fairus.org/site/DocServer/Senate_Health_Care_Bill_Legislative_Analysis.pdf?docID=4101

^{xx} “Obama Names a Health Czar Who Favors Rationing,” *The Washington Examiner*, July 8, 2010. Available at: <http://www.washingtonexaminer.com/opinion/Obama-names-a-health-czar-who-favors-rationing-97958789.html>

^{xxi} Ibid.