Obamacare backfires — on everyone

By [Robert J. Samuelson](http://www.washingtonpost.com/robert-j-samuelson/2011/02/24/ABSZV8O_page.html), Published: October 23, 2013 Washington Post opinion

The Affordable Care Act (“Obamacare”) turns out to represent dreadful miscalculations by both the president and his Republican adversaries. Doubtlessly, Barack Obama imagined that achieving something close to “universal” health insurance would guarantee his legacy. It would make him the liberal heir to Franklin Roosevelt and Lyndon Johnson. Forget it. Even if Obamacare worked flawlessly — that’s now a joke — it’s too small to rank with the New Deal or the Great Society. Meanwhile, Republicans say Obamacare threatens liberty and would lead to a federal “takeover” of health care. This fiction, pursued fanatically with policies risking anarchy, has earned the GOP a deserved public backlash.

As readers of this column know, I’m no fan of Obamacare. Before it was introduced, I advised against it. It would be divisive, I argued. Just when the country — suffering economic collapse — needed to rebuild confidence, [it would subvert confidence](http://www.washingtonpost.com/opinions/a-future-of-broken-promises-on-health-care/2011/10/19/gIQAxJve1L_story.html). Later, I objected that it didn’t do enough to control spiraling health spending. Finally, I worried that the ACA’s costs and complexities would deter some firms from hiring. I still believe all these criticisms.

What I don’t believe are liberals’ and conservatives’ self-serving myths. In their world, defending or destroying Obamacare has become a defining political choice of our time. Actually, it isn’t. Partisan arguments are disconnected from health-care realities. To see why, let’s examine some myths.

Start with the conservative variety, which brought us the (partial) government shutdown and debt-ceiling brinkmanship. Conservatives fear that once people start receiving insurance subsidies, they’ll become hooked on their newest “entitlement.” Game over. Government runs health care. The trouble is, this game was over decades ago. [Governments now pay nearly half](http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/tables.pdf) of all health-care costs, mainly through Medicare and Medicaid. Government also subsidizes health care through the tax code by not counting employer-provided insurance as taxable income.

U.S. health care is a messy mixture of government intervention and private markets. Doctors, hospitals, drug companies and medical device-makers exist mainly in the market. The government regulates and pays them. The system is flawed. Costs are high. There is waste. Still, conflicts reflect muddled public opinion: Americans reject “socialized medicine” but believe health care is a “right.” Despite more subsidies and regulations, Obamacare perpetuates this system of blurred public-private power sharing.

Would repealing Obamacare reduce budget deficits, as many conservatives hope? Probably not. True, the program is estimated to cost [nearly $2 trillion over a decade](http://www.cbo.gov/sites/default/files/cbofiles/attachments/44465-ACA.pdf). But this would be more than offset by tax increases and lower Medicare reimbursement rates. If these were also repealed, [deficits might rise slightly](http://www.cbo.gov/sites/default/files/cbofiles/attachments/43471-hr6079.pdf), projects the Congressional Budget Office.

Finally, jobs. Here, conservatives are correct. [The ACA may cause some companies to limit hiring](http://online.wsj.com/news/articles/SB10001424127887324694904578601922653718606) or cut hours to escape the law’s requirement to provide health insurance. ([The law exempts firms](http://obamacarefacts.com/obamacare-employer-mandate.php) with fewer than 50 full-time workers; full-time is 30 hours a week or more.) But the conservatives’ pro-jobs argument is undercut by their behavior. The hard-line demand to “defund” Obamacare could have forced the government to default on its bills. The likely resulting economic slump and unemployment would have vastly overshadowed any ACA job losses.

Now, some liberal myths. For starters, Obamacare will leave us short of universal coverage. [The CBO estimates 31 million uninsured in 2023](http://www.cbo.gov/sites/default/files/cbofiles/attachments/44190_EffectsAffordableCareActHealthInsuranceCoverage_2.pdf), down from 55 million in 2013. The CBO figures show why Obamacare doesn’t belong in the same league as the New Deal or the Great Society. In 2023, the ACA would either subsidize or provide insurance for 32 million Americans. Contrast that with the [Great Society’s legacy](http://www.washingtonpost.com/opinions/robert-j-samuelson-lets-get-rid-of-the-term-entitlements/2013/10/20/e3bd464c-3809-11e3-8a0e-4e2cf80831fc_story.html): about 100 million recipients for Medicare and Medicaid together. Or the New Deal’s legacy: 56 million Social Security beneficiaries.

Obamacare supposedly makes insurance more affordable. Not really. Health costs are simply shifted. To subsidize insurance for some means raising taxes for others, cutting other programs or accepting larger deficits. Only reducing costs or increasing efficiency can make health care more affordable.

Obamacare’s main selling point — always implied, sometimes stated — is that health insurance makes people healthier. People without coverage don’t get care and are sicker. This seems compelling but may be wishful thinking. The link between insurance and health is loose, because many uninsured are healthy, some receive care and some ailments defy cure. A recent [study of two similar groups in Oregon](http://www.nber.org/oregon/) — one with Medicaid, one without — found few differences in health. Depression was the major exception; those with Medicaid fared better. Mostly, health insurance provides peace of mind.

The fight over Obamacare is often cast as a sports contest. One side wins, one loses. Actually, both may lose. Republicans are already being hammered for their bad budget behavior. Obama’s preoccupation with his legacy has created more conflict than consensus. Now come those embarrassing Web site problems. Increasingly, Obamacare is backfiring on everyone.

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