

ARCHIVES



HOME >



Ordinary Consumers Are Paying For ObamaCare's 'Savings'

INVESTOR'S BUSINESS DAILY
APRIL 07, 2015

by Sally C. Pipes

Federal programs rarely come in under budget. Consider Medicare, which will soon celebrate its 50th anniversary.

In 1967, lawmakers projected that annual spending in the program would reach \$12 billion in 1990. The actual tab that year? A cool \$110 billion.

A new report from the Congressional Budget Office says that ObamaCare will buck the trend. The CBO has lowered its projections for the cost of the president's health care law by \$142 billion over the coming decade — from \$1.35 trillion to \$1.2 trillion.

ObamaCare may cost the feds less than anticipated, but it's extracting far more from consumers' wallets than they bargained for. Consequently, ObamaCare has put insurance out of reach for many Americans — and utterly failed to fulfill its promise of making health care more affordable.

The 12-figure decline in ObamaCare's cost is not as impressive as it seems. It's just 11% less than the CBO originally estimated. The total price tag is still some \$250 billion higher than the president promised when he signed ObamaCare into law in March 2010.

The CBO's projection came down primarily because the agency decided that the law would be less effective at expanding access to insurance coverage than previously thought. An earlier estimate held that ObamaCare would increase the number of insured Americans by 27 million in 2023. The new estimate is 25 million.

In other words, the law hasn't become cheaper. The CBO has just decided that it will cover fewer people. That's not evidence that ObamaCare is saving taxpayers money.

Meanwhile, overall health-care spending has increased drastically under ObamaCare. According to the Altarum Institute, a non-profit health **research** organization, health spending jumped 5% last year.

That's not what the president promised the American people.

The Centers for Medicare and Medicaid Services expect spending to surge 6% each year over the next decade. The agency cites the Affordable Care Act as a prime reason for these increases.

Health spending will soon eat up a larger portion of the U.S. **economy**. From 2009 to 2013 — the year before ObamaCare's most significant reforms took effect — such spending made up just over 17% of U.S. GDP. Altarum says that health spending is on track to eventually consume 25% of the nation's economy.

ObamaCare has also pushed up premiums. According to Avalere Health, a consultancy, the cheapest "bronze" and "silver" plans on the federally operated HealthCare.gov exchange grew 3% to 4% more expensive, on average, between 2014 and 2015.

Premiums are set to rise 8.5% a year between 2016 and 2018, according to the Congressional Budget Office. Per-enrollee spending by private insurers will grow between 4% and 6% annually in the coming decade.

These increases are hitting low-income Americans particularly hard. If they don't buy insurance, they face a tax penalty.

This year, the penalty for flouting the individual mandate and going uninsured is \$325 or 2% of income. Those who were subject to the penalty last year have until April 30 to get coverage this year.

Even if they follow the law and buy insurance, their coverage may not do them any good, as deductibles have skyrocketed.

The average deductible in a "bronze" plan sold through the exchanges is north of \$5,300. Average out-of-pocket maximums range from \$1,975 for the most comprehensive platinum plans to \$6,359 for less-generous bronze plans.

Many families don't have the savings to cover those kinds of costs.

The median household has just over \$4,500 in liquid assets. About one-third of all non-poor households, and two-thirds of those just above the poverty line, don't have the money to cover a midrange deductible.

The federal government's tab for ObamaCare may have dipped slightly. But ordinary Americans are paying for those supposed savings in the form of higher deductibles, premiums and even new taxes.

They're not happy about it. According to the latest RealClearPolitics average, 52% of Americans disapprove of ObamaCare. This is hardly the affordable care the president promised.

[Read More At Investor's Business Daily...](#)

One Embarcadero Center, Suite 350 • San Francisco, CA 94111 • (415) 989-0833

[Home](#) | [About](#) | [Contact](#) | [Support PRI](#) | [Subscribe](#) | [Press](#) | [Events](#)