



Obamacare:

A Nightmare for Bureaucrats, Businesses, and Individuals Alike

Usually, if a person wants to track the history of a law they can look to when it was introduced, passed, and enacted. The Patient Protection and Affordable Care Act's (PPACA), better known as "Obamacare," history could be traced by the regulatory deadlines the Obama administration has missed. These delays have been required for the administration to catch up, but they leave the country in a state of uncertainty about what will happen next. The only solid conclusion that can be drawn is this: Obamacare is a bureaucratic nightmare.

The many Obamacare delays have been well-publicized. First, there was the politically expedient postponement of Medicare cuts until after the 2012 presidential election.ⁱ In July, the White House announced it would delay the employer mandate for companies with at least 50 employees until 2015.ⁱⁱ Then, the *Washington Post* revealed the administration "would significantly scale back the health law's requirements that new insurance marketplaces verify consumer's income and health insurance status," instead relying on self-reported information—and opening up the process to significant fraud risks—until 2015.ⁱⁱⁱ The cap on out-of-pocket insurance costs were recently waived until 2015, and in late August, the Department of Health and Human Services revealed they were still finalizing their plans to begin selling on October 1st.^{iv} In total, portions of Obamacare have already been delayed 19 times, 14 by law, 5 by executive action.^v Further, a November 2011 report by the Congressional Research Service showed the Administration missed over one-third of their self-imposed deadlines.^{vi}

While embarrassing for the Administration, some of these delays may be unintentionally beneficial for the economy, since the government will not be able to further interfere in the health market until later. The delay of the employer mandate may be especially beneficial, as the mandate would otherwise increase the cost of labor and thereby increase unemployment.^{vii}

Despite any economic gains from delays, the mass uncertainties from the lack of a clear timeline, combined with the looming costs, have convinced some major employers to stop or reduce their own insurance coverage. The University of Virginia ended coverage for employee-spouses after it was projected that Obamacare would increase their costs by \$7.3 million in 2014 alone. The University said it was one of many "major changes" they would be making to their health plans in the wake of Obamacare.^{viii} Similarly, UPS made plans to drop 15,000 worker spouses from their insurance plan due to Obamacare-

imposed higher costs, specifically the mandatory coverage for children up to age 26 and new government fees. The company said that while their health insurance costs usually rise about 7 percent a year, the health law pushed that number up to 11.25 percent for 2014 alone.^{ix} Trader Joe's—a company that has been applauded for providing health, dental, and vision plans to part-time employees—also recently announced it would drop health care for part-time workers under Obamacare.^x Walgreens is also changing its employee health care plan; instead of providing insurance directly, the retail chain will begin giving payments to eligible employees—numbering roughly 160,000—to buy their own insurance in the private market beginning in 2014. IBM and Time Warner are similarly shifting employees from plans administered by the company to private exchange plans, as will Sears and Darden Restaurants.^{xi} The survey by consulting firm Towers Watson showed that up to 18 percent of employers would drop insurance for employee spouses next year.^{xii} Another survey, by business journal McKinsey Quarterly, found that at least 30 percent of employers would “definitely or probably” stop offering health insurance to their employees because of Obamacare's costs after 2014, and of those that plan to continue to offer insurance, 45 to 50 percent said they would be changing the plans they offer in response to the law.^{xiii} In essence, 80 percent of employers will either drop or drastically change employee insurance because of Obamacare.

Individuals will also be impacted when Obamacare finally goes into effect. A study by the majority staff of the House Committee on Energy and Commerce working with the minority staff of the Senate Committees on Finance and Health, Education, Labor & Pensions, respectively, showed that nearly every state will see very significant increases in unsubsidized Individual Market Premiums. Their research of over 30 other studies showed Nebraska individual market premiums are set to increase by roughly 61 percent due to Obamacare.^{xiv} While some have attempted to refute these numbers by citing the subsidies provided by Obamacare, Daniel Kessler, a senior fellow of business and law at Stanford University's Hoover Institution, notes the subsidy argument does not calculate that subsidy money must come from somewhere; therefore, the subsidies cannot be considered as improving the immense costs.^{xv} Young adults will be hit hardest by these increases. For example, the Heritage Foundation estimates that 18-24 and 25-29 year olds will see their premiums increase by 45 and 35 percent, respectively, more than their elderly counterparts who use five times as much medical care.^{xvi} These increases will likely drive young people to simply pay the penalty rather than proceed with the increasingly expensive health care plans, restricting the number of healthy people in the insurance pool and driving up costs for those who remain.^{xvii}

With employers dropping coverage, individuals likely opting out, and the Administration delaying actions and failing to meet deadlines, it is clear this law is not only an economic disaster, but a bureaucratic catastrophe, and should be defunded or repealed.

ⁱ Avik Roy, “The Obama Campaign’s \$8 Billion Taxpayer-Funded Medicare Slush Fund,” *Forbes* April 24, 2012. Accessed September 10, 2013, <http://www.forbes.com/sites/theapothecary/2012/04/24/the-obama-campaigns-8-billion-taxpayer-funded-medicare-slush-fund/>.

ⁱⁱ Jeffrey Young, “Obamacare Employer Mandate Delayed for One Year,” *Huffington Post*, July 2, 2013. Accessed September 10, 2013, http://www.huffingtonpost.com/2013/07/02/obamacare-employer-mandate_n_3536695.html.

ⁱⁱⁱ Sarah Kliff and Sandhya Somashekhar, “Health insurance marketplaces will not be required to verify consumer claims,” *Washington Post*, July 5, 2013. Accessed September 10, 2013, http://www.washingtonpost.com/national/health-science/health-insurance-marketplaces-will-not-be-required-to-verify-consumer-claims/2013/07/05/d2a171f4-e5ab-11e2-aef3-339619eab080_story.html.

^{iv} Avik Roy, “Yet Another White House Obamacare Delay: Out-Of-Pocket Caps Waived Until 2015,” *Forbes*, August 13, 2013. Accessed September 10, 2013, <http://www.forbes.com/sites/theapothecary/2013/08/13/yet-another-white-house-obamacare-delay-out-of-pocket-caps-waived-until-2015/>; David Morgan and Caroline Humer, “Exclusive: U.S. delays deadline for finalizing Obamacare health plans,” *Reuters*, August 28, 2013. Accessed September 10, 2013, <http://www.reuters.com/article/2013/08/28/us-usa-healthcare-obamacare-idUSBRE97R04X20130828>.

^v Stephen Dinan, “Obamacare has been amended or delayed 19 times: study,” *Washington Times*, September 11, 2013. Accessed September 12, 2013, <http://www.washingtontimes.com/news/2013/sep/11/study-obamacare-has-been-amended-delayed-19-times/>.

^{vi} Tom Coburn, “Administration Fails to Meet Deadlines In Its Own Health Law,” U.S. Senator Tom Coburn, November 2, 2011. Accessed September 10, 2013, http://www.coburn.senate.gov/public/index.cfm/rightnow?ContentRecord_id=3e699ea5-55d1-445c-a07f-5ae693e893cf&ContentType_id=b4672ca4-3752-49c3-bffc-fd099b51c966&Group_id=00380921-999d-40f6-a8e3-470468762340.

^{vii} Avik Roy, “White House To Delay Obamacare’s Employer Mandate Until 2015; Far-Reaching Implications For The Private Health Insurance Market,” *Forbes*, July 2, 2013. Accessed September 10, 2013, <http://www.forbes.com/sites/theapothecary/2013/07/02/white-house-to-delay-obamacares-employer-mandate-until-2015-far-reaching-implications-for-the-private-health-insurance-market/>.

^{viii} Fox News, “Employers dropping coverage for thousands of spouses over Obamacare costs,” August 21, 2013. Accessed September 10, 2013, <http://www.foxnews.com/politics/2013/08/21/employers-dropping-coverage-for-thousands-spouses-over-obamacare-costs/>.

^{ix} Jose Pagliery, “UPS cuts insurance to 15,000 spouses, blames Obamacare,” *CNN Money*, August 22, 2013. Accessed September 10, 2013, <http://money.cnn.com/2013/08/21/news/companies/ups-obamacare/index.html>.

^x Dave Jamieson, “Trader Joe’s To Drop Health Coverage For Part-Time Workers Under Obamacare: Memo,” *Huffington Post*, September 11, 2013. Accessed September 12, 2013, http://www.huffingtonpost.com/2013/09/11/trader-joes-obamacare_n_3902341.html.

^{xi} David Hall, “Walgreens Joins Rush to Revamp Health Benefits,” *Wall Street Journal*, September 18, 2013. Accessed September 18, 2013, <http://blogs.wsj.com/cfo/2013/09/18/the-morning-ledger-walgreen-joins-rush-to-revamp-health-benefits/>.

^{xii} Jose Pagliery, “UPS cuts insurance to 15,000 spouses, blames Obamacare,” *CNN Money*, August 22, 2013. Accessed September 10, 2013, <http://money.cnn.com/2013/08/21/news/companies/ups-obamacare/index.html>.

^{xiii} Matt Cover, “30 Percent of Employers to Drop Health Coverage Because of Obamacare,” *CNS News*, June 7, 2011. Accessed September 10, 2013, <http://cnsnews.com/news/article/30-percent-employers-drop-health-coverage-because-obamacare>.

^{xiv} House Committee on Energy and Commerce, Majority Staff, Senate Committee on Finance, Minority Staff, and Senate Committee on Health, Education, Labor & Pensions, Minority Staff, “The Price of Obamacare’s Broken Promises,” March 2013. Accessed September 10, 2013,

<http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/analysis/20130305PremiumReport.pdf>.

^{xv} Daniel P. Kessler, "Obamacare's Broken Promises," *Wall Street Journal*, January 31, 2013. Accessed September 10, 2013,

<http://online.wsj.com/article/SB10001424127887323374504578217720567917856.html>.

^{xvi} Edmund Haislmaier, "Obamacare and Insurance Rating Rules: Increasing Costs and Destabilizing Markets," Heritage Foundation WebMemo #3111, January 20, 2011. Accessed September 10, 2013, <http://www.heritage.org/research/reports/2011/01/obamacare-and-insurance-rating-rules-increasing-costs-and-destabilizing-markets>.

^{xvii} Dennis Domrzalski, "Many young adults likely to pay penalty instead of buying health insurance," *Albuquerque Business First*, August 23, 2013. Accessed September 10, 2013,

http://www.bizjournals.com/phoenix/morning_call/2013/08/many-young-adults-likely-to-pay.html.