

ISSUES IN PERSPECTIVE

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Trust and Integrity in Government: The ACA Catastrophe

The debacle surrounding the Affordable Care Act (ACA), also known as Obamacare, is a case study in the fallacious argument that government can do things better than the private sector. But the way it has been presented and the public promises made by the president about the law also indicate an intentional and willful decision to deceive the American people. Several thoughts:

- First, a few thoughts about the law itself. The ACA rests on two important pillars: (1) Everyone is required to have health insurance; (2) Insurance companies are prohibited from charging people more because they are already ill (or have preexisting conditions). As *The Economist* reports: “If only the second rule applies, the sick will rush to buy insurance but the healthy will wait until they fall ill before doing so. Insurers will have to raise premiums or go bust, making coverage unaffordable without vast subsidies. Obamacare will enter a death spiral and possibly collapse.” Since this is the first major overhaul of the US health care system since 1997, its success is important for Obama and for the Democratic Party. As it looks now, the only way this will be successful is with massive government subsidies. In effect, the ACA is creating a massive new entitlement program on which larger and larger numbers of Americans will be dependent. And once an entitlement is granted, it is virtually impossible politically to take that entitlement away. The ACA was passed in 2010 and it took a full two years for the federal government to write the regulations to make the system it was creating work. This of course was being done during the 2012 presidential reelection campaign and his supporters wanted the details to come out after the election, not before. Further, in a shrewd political decision, the law implemented the popular aspects of the bill first—viz., permitting parents to cover their children with health insurance until age 26 and eliminating their children’s preexisting condition barrier to insurance coverage. The difficult aspects of the ACA were postponed until 2013-2014, which we are now seeing unfold. If your insurance is not provided by your employer or the government, it is likely you will lose your policy, your doctor and your premium price. Hard, harsh realities await the American people!
- Second, the ACA says something about the fallacies of central planning by the US government. The failure of ACA central planning is best exemplified by the website, www.healthcare.gov. The US government in fact has an absolutely dismal record of managing information technology. The *New York Times* recently noted that “Indeed, according to the research firm the Standish Group, 94% of large federal information

technology projects over the past 10 years were unsuccessful—more than half were delayed, over budget, or didn't meet user expectations, and 41.4% failed completely.” It is amazing that the Obama administration believed that its website would work. *Forbes* columnist Louis Woodhill cites economist F.A. Hayek in his classic, *The Road to Serfdom*: “It is not possible for central planners to collect and process enough information to ‘program’ a complex, distributed system.” In designing the ACA, the Obama administration knew it could not get Congress to pass a pure socialized medicine law in which the federal government would completely nationalize the US health care industry. Socialized medicine would not pass Congress! But it was also not satisfied with the current system with annual costs increasing each year considerably above the inflation rate. So, it chose to follow a middle-of-the-road approach. It chose a convoluted mess that few really understand. As it is now being implemented, its unpopularity will increase. It could even lead to its demise. And as columnist Charles Krauthammer has observed: “[The ACA’s] unraveling would catastrophically undermine their underlying ideology of ever-expansive central government providing cradle-to-grave care for an ever-grateful citizenry.”

- Third, the honesty and integrity of the president is also a part of ACA. For a total of 23 times, President Obama made this statement: “If you like your current insurance, you will be able to keep it.” Based on everything we know about the ACA, that was an intentional lie. As columnist Kathleen Parker has stated: “It is not possible to pretend that the American people have been told the truth. Nor is it possible to pretend that Barack Obama has been completely honest . . . In the private sector, we call that fraud.” The President sold his ACA to the American people under false pretenses; he misled them; but it seems impossible for him to admit that. He has apologized for the website catastrophe; he used the term “fumbled” several times in his mea culpa news conference. But not once did he say what he should have said: “I misled the American people. I sold them something that I knew was not true.” As Parker concludes, “The American people were duped; the administration did not misspeak . . . The administration knowingly misled with a false promise and a deliberate omission. Worse, it did so for your own good because you might be confused by the truth.” I can think of no better example of the paternalistic, we-will-care-for-you state than the ACA: We know the best standards; we know what is best for you; trust us and it will be okay. The President of the United States knowingly and intentionally lied to the American people. Why should we trust his paternalistic state? He has violated the most important tenet of a democracy—the capacity of its citizens to trust its government when the peoples’ welfare is at stake. The President and his administration should be ashamed of themselves.

See Kathleen Parker in www.washingtonpost.com (6 and 13 November 2013); Charles Krauthammer in the www.washingtonpost.com (15 November 2013); Louis Woodhill in www.forbes.com (14 November 2013); *The Economist* (2 November and 5 October 2013).