We don't usualy talk religion or politics in the exam room, but we are frequently asked by patients…

"What do you think of 'Obamacare'?"

I think they just want to see how high my own blood pressure can rise. To save some exam room time, I will tell you all what I think. Health care in this country IS a mess. A logical, but devastating to the economy change would be full left-wing, single payer, government-take-over-and-run-it-like-Amtrak program. Rationing, price controls, uninhibited demand vs a dwindling ability to deliver would follow. But at least it would be a consistent logical "solution" from a command economy view point. A right wing, free market approach, would put patients back in control with mandatory tax-favored health savings accounts (self, employer, or government funded), together with only catastrophic insurance (yes, maybe even government provided). When patients get to keep as retirement monies amounts not spent earlier (maybe only a portion if the government funded the account), they will be highly motivated to practice money-saving prudent lifestyle choices and demand of their physicians "why" anything expensive is necessary and "where" they can get the best deal. Both unnecessary demand and the prices fall. Dramatically. A good description of that kind of system was in the Atlantic magazine. Read it here: http://www.theatlantic.com/magazine/archive/2009/09/how-american-health-care-killed-my-father/7617/*. We got neither left-wing or right-wing reform. We got the same mess we have now with just a bunch more layers of bureaucracy, rule making, expense and frustration. While there were a few nice things (i.e. stay on parents insurance till age 26) in the big picture it won't work for ANYBODY and is very, very bad for the country. And it did not address the growing plague of lawyer driven litigation (across all industries) at all (best estimate of savings simply from "tort reform?" - about 20% - more than enough to just buy the uninsured commercial policies). For me? For a few years, I will probably make more money and enjoy doing so less - then they really tighten the screws. What follows is a good article on what will happen. RLF*

Peter Schiff Monday, July 30, 2012 europac admin

Justice Roberts is Right: The Plan Won’t Work

Now that the Supreme Court has given its narrow blessing to the Affordable Care Act, the big question is whether it will deliver the benefits that its proponents promise. Unfortunately, as it is now constructed, the plan will backfire causing fewer healthy people to buy insurance, raise premiums for those who do, destroy employment opportunities, cripple the health insurance industry, and weaken the economy.

In order to guarantee insurance to all, regardless of age, health or pre-existing conditions, the framers of the plan concede that it is essential that the young and healthy (who are less likely to be heavy users of health care) pay into the insurance pool. The surplus generated from their premiums compensates for the money lost to those receiving more in services than they pay in premiums (e.g. older people and those with medical conditions). But the ACA has given these healthy people a "Get out of Jail Free" card that many of them are sure to play.

Most healthy young people know that they are losing money to insurance providers, at least in the near term. That is the nature of insurance. You pay to prevent costly exposure to an unlikely event. And just as homeowners wisely pay for fire insurance even though they don't expect their homes to burn down, given the high cost of medical care it is also practical that healthy young people buy health insurance.

But, the ACA makes it illegal for insurance providers to deny coverage to anyone for any reason. This allows healthy people to drop insurance until they actually need it without incurring any risk. It's like allowing homeowners to buy fire insurance after their houses burn down. To counteract these new free rider incentives, the law imposes "no insurance" penalties (also defined as taxes by the Supreme Court). The problem is that these "penaltaxes" (for lack of a better word) are insufficient to the task. In fact, Chief Justice John Roberts ruled the law constitutional precisely because the burdens were not high enough to compel behavior. (In other words, he thought the law was constitutional because it will be ineffective.) The numbers support his arguments.

On average, in 2010, a typical healthy young person paid at least $2,500 per year for insurance (for a plan that would still involve significant out of pocket expenses). In some areas of the country, premiums were more than twice as high. When the program takes effect in 2014 the penaltaxes will be the greater of $95 or 1% of household income. A single person earning $40,000 per year who chooses to go uninsured would then be subject to a $400 penaltax. The decision would be an easy one: drop the insurance, incur the penaltax and pay for any routine medical services out of pocket. In the unlikely event that he gets cancer or is hit by a bus, he can always buy insurance in the ambulance on the way to the hospital. Even in 2016, as the penaltax increases to the greater of $695 or 2.5% of household income, it will still not make sense for many people to buy insurance. The penaltaxes are capped at levels that equal the full cost of an average health plan. So even high income individuals are no worse off financially for not buying insurance. In addition, the IRS' ability to actually collect these penaltaxes is limited to garnishing income tax refund checks. If an individual is not getting a refund, the IRS is impotent.

The law places no requirements for businesses with fewer than 50 employees to offer insurance. So when younger workers realize the benefits of dropping insurance, they will naturally gravitate to savvy businesses that offer higher pay instead of insurance. This will drain more premiums from the insurance pools.

In contrast, the burdens placed on employers with more than 50 workers are complex, onerous and unpredictable. Those that don't offer insurance would be subject to substantial (and open ended) penalties if at least one employee receives an insurance tax credit or a government subsidy to an insurance exchange. If they do offer insurance, they will also be subject to substantial (and open ended) penalties if the plan fails to cover 60% of employee health expenses, or if premiums for any employee are more than 9.5% of family income. It has been left wholly unexplained how employers are supposed to accurately determine these triggers which involve knowledge of family income, not just employee income.

Smaller employers will look to avoid these headaches by staying below the 50-employee threshold. Though it should be obvious, there is plenty of evidence to support this tendency. French law involves significant regulatory requirements for businesses that have more than 50 employees. As a result, there are currently 2.4 times more French companies that have 49 employees than there are with 50. Incentives for businesses to stay small will hurt the economy and will further shrink the numbers of people paying into the health insurance pools.

Employers will also be incentivized to avoid hiring lower paid workers who would be more likely to trigger the penalties tied to household income. As a result, many small companies will likely look to replace lower rung employees with temps, automation or outsourcing, further raising the barrier to workforce entry for lower skilled workers. The unemployable workers will then qualify for free health insurance, further draining the system.

Unless the penaltaxes are raised significantly, far too many needed premium payers will drop out. As they do, insurance companies will try to recoup the lost revenue by raising premiums for the customers who remain. As the gap between the relatively low penaltaxes and the high cost of health insurance premiums increases, so too will the incentive to drop coverage. This self-reinforcing dynamic will render the entire plan non-viable.

It is a foregone conclusion that the Obama Administration and its congressional allies are already planning to raise the penaltaxes. Although such increases would render the plan unconstitutional if they compel behavior, according to Roberts's analysis, I do not expect the Supreme Court to ever rule on this case again. The Court has a history of opening small cracks in the Constitutional barn door for the bureaucratic horses to stampede.

Unless we can summon the political will to repeal the poorly conceived law, we should all brace for higher health care costs, many more layers of impenetrable federal bureaucracy, a significantly weaker economy, diminished employment opportunities, and lower living standards.

A good summary of the real problem in health care:

Why Is This So Hard to Understand?

by Doug Farrago MD April 26, 2016

I have spoken about my catastrophic insurance plan for a long time. Here is the highlights from my Sept 2015 entry:

> They are all trying to reimagine healthcare by leaving the insurance industry and the government in the equation. That problem is unsolvable because they are the problem! Now remove the insurance industry. Remove the government. Let's say everyone has some catastrophic plan that is reasonable in cost. You can't tell me this is impossible to do. And let's say that for a cheap monthly fee the only thing that is covered is after you pay $5000 of your own money (and maybe that is less depending on income). Let me repeat that. NOTHING IS COVERED! Guess what would happen? Patients would shop around. Doctors would be paid in cash and the prices would come down because there is no more coding, no more billing, no more accounts receivable. Since overhead is less, the cost is less. If doctors don't lower their cost, patients will go elsewhere. Also, patients would only get prescriptions that are reasonable in cost. The cost for diagnostic studies and MRIs come down. This is capitalism and it works.

Americans are the best shoppers in the world. They are on the internet all day getting things on Amazon, etc. Let them shop around their healthcare costs. We can do this! This Boston Globe article finally talks about this (April 24, 2016)

- Americans are forever being told that health care costs are out of control and that only sweeping government intervention can bring them back to earth. Any health care "reform" that intensifies government regulation or enlarges the role of insurance companies only makes a bad system worse.
- When Americans rely on a third party — private insurance, Medicare, or Medicaid — to pay most of their medical bills, they forfeit their power as consumers.
- Our ill-conceived system of subsidized health plans provided by employers and taxpayer-funded "free" treatment through the government ends up stripping patients of their economic clout.
- Doctors and hospitals have little incentive to compete by lowering prices, because patients rarely bother to ask about prices. By and large, health care providers in the United States do most of their negotiating with insurers or the government. After all, they're the ones paying the piper.
- It's only when medical services aren't reimbursed by a third party — think of Lasik eye surgery or veterinary care or the growing number of direct-pay "concierge" practices that don't accept health insurance — that the consumer is king. When providers are paid directly by customers, transactions are transparent, prices fall, choices proliferate, and consumer convenience becomes a priority. Bills reflect actual prices, not inscrutable codes and deductibles and "adjustments" negotiated way over patients' heads.
- The purpose of insurance is to protect policyholders from unforeseen or catastrophic expenses. Nobody taps auto insurance to pay for tuneups or new tires; we use it when the car is rear-ended or stolen. We shouldn't be using health insurance to pay for routine checkups, either. If it seems odd to say so, that's only because we've convinced ourselves that normal medical expenses shouldn't be treated normally. If we want health care to cost less, we should pay for it ourselves.

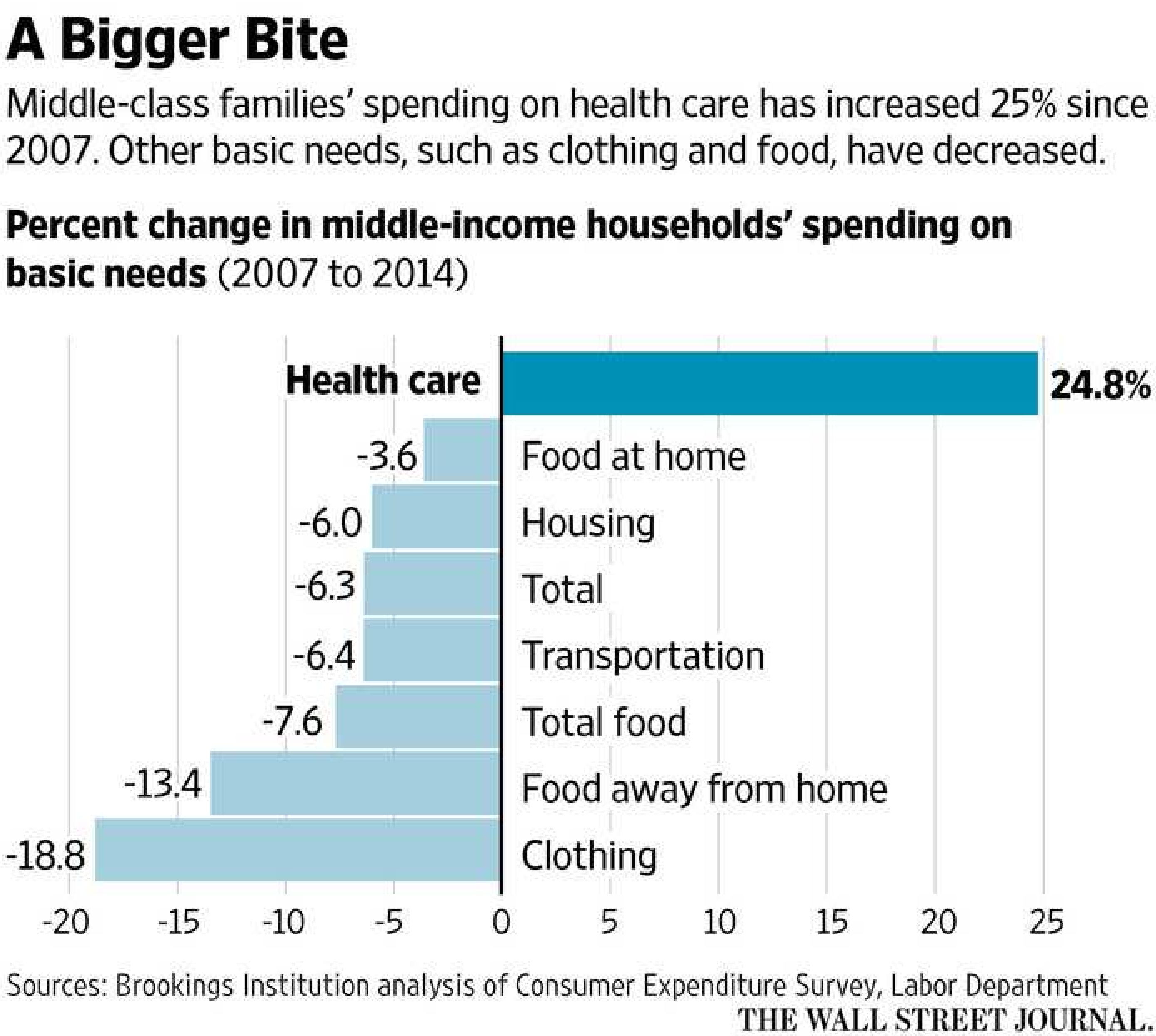
The previous Obamacare articles were largely predictive. The promise of MORE care, for MORE people, at LESS MONEY and NO MORE physicians AND the mandatory flattening of premiums (less difference between highest and lowest) should have been obvious to all as impossible. Yet nevertheless, the American people bought into this scam. The article below suggests how well that has worked out…

http://authenticmedicine.com/authentic-medicine-gazette/

Authentic Medicine Gazette

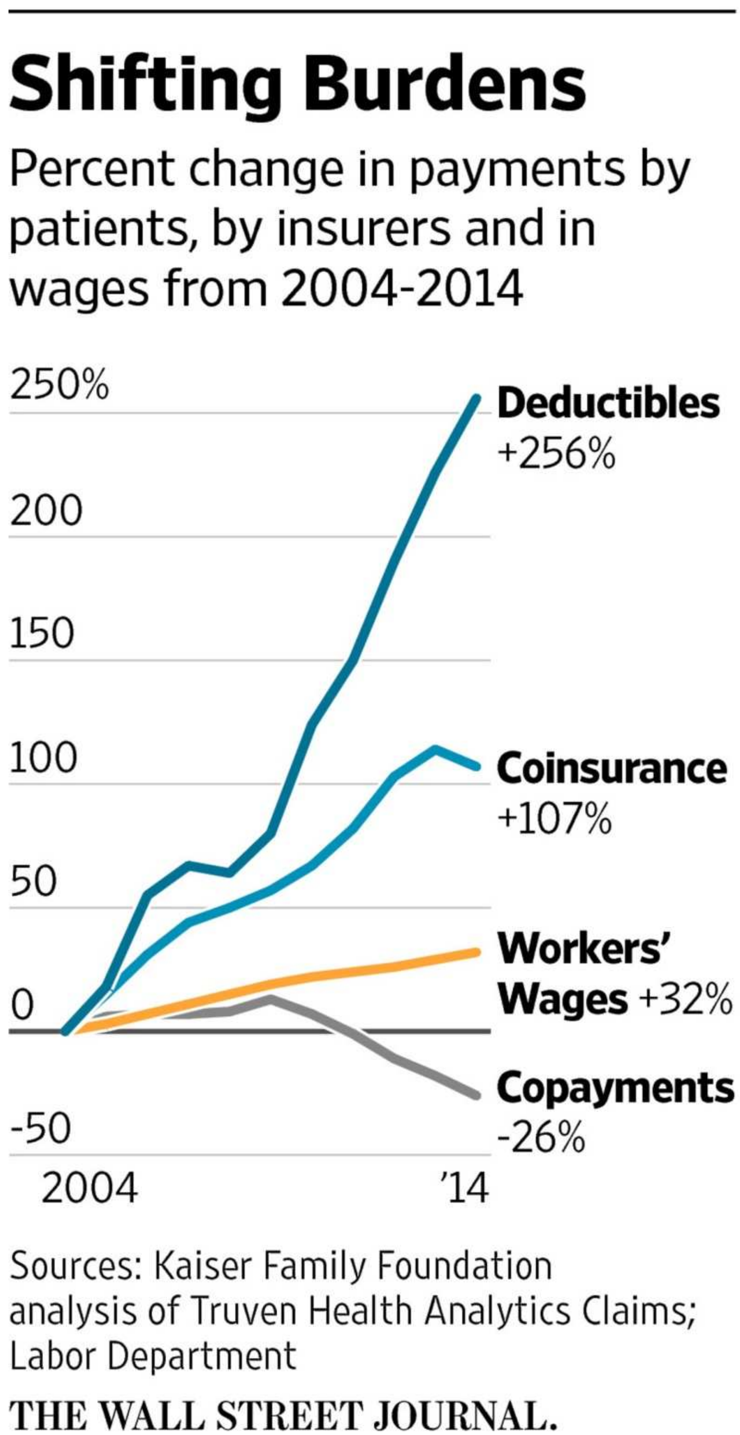
1. **The Middle Class Is Getting Destroyed by Obamacare**

August 31, 2016



This really should be no surprise to anyone. You were told prior to 2012 that Obamacare was just making a bad situation, our healthcare costs, worse. You were told that this was just wealth distribution, where much of the population was being heavily taxed to cover the costs of others. Sure, they made it seem that the ultra-rich would be the target but that is the same trick they use every time for new taxes and this was one of the biggest tax increases for people in history. In a [recent WSJ article](#) it was pointed out that:

- Overall, health-care spending across the economy reached 18.2% of gross domestic product as of June, up from 13.3% in 2000, according to Altarum Institute, a health research group.
- One group, the rich, can afford health care easily. The poor can access public assistance. But for lower middle- to middle-income Americans, "the income struggles and the health-care struggles together are a really potent issue," he said.
- A June Brookings Institution study found middle-income households now devote the largest share of their spending to health care, 8.9%, a rise of more than three percentage points from 1984 to 2014.
- By 2014, middle-income households' health-care spending was 25% higher than what they were spending before the recession that began in 2007, even as spending fell for other "basic needs" such as food, housing, clothing and transportation.



But at least the rise in insurance premiums have gotten people more healthcare for their money, right? Not so fast:

- The Kaiser Family Foundation, a health-care research nonprofit, found deductibles for individual workers have soared in the past five years, rising 67% since 2010 without adjusting for inflation, roughly seven times earnings growth over the same period.
- A separate Kaiser analysis of tens of millions of insurance claims found patient cost-sharing rose by 77% between 2004 and 2014, driven by a 256% jump in deductible payments.
- In 2015, 8% of Americans' household spending went toward health care, up from 5.8% in 2007, according to the Labor Department.

The middle class is getting destroyed by this travesty called Obamacare. Do not let anyone convince you that this has worked. It has all been smoke and mirrors. Even those who have supposed insurance rarely use it due to the high deductibles. It needs to be dismantled and quickly. Bring back the cheap, bare bones major medical plans and let Americans shop around for their healthcare.

Spring 2017

Patients are asking: "What did you think about TrumpCare" -- in short I thought it was an equal diaster for the country as was / is ObamaCare. As long as we have the inane necessity of sending bills for $100.00 worth of Primary Care services across the country to be assessed, adjudicated, chopped and diced by people who have never seen the patient nor bear any responsibility for their care – only to have it delayed, denied, or reduced for payment followed by the expectation that the practice *must* turn around and bill the patient for the "authorized" amount of their co-pay or deductible ($7.00? 20.00? - whatever, it is hardly worth the expense of billing 3 - 4 months after the service) we will have excess waste and excess games playing by patients, payers, and providers.

It is ridiculous for *each* physician on average to support *two* people in the insurance industry and another 1 – 2 in their own office just to get paid.

The same patients who are horrified if asked to pay their bill directly ("I *have* insurance!") think nothing of dropping $300.00 for groceries and sundries at Costco, or paying their cell phone or cable bill directly. The cost of care will only be controlled when patients have their *own* cash in the game, paying directly to their providers up to some (perhaps slowly increasing) catastrophic level ($3000.00? $5000.00?) yearly. The marketplace will work just fine without the government or giant insurance companies distorting it. Tax favored Health Savings Accounts encourage that. Couple that with rarely used and thus cheap catastrophic only insurance sold to a national market and we have real reform. As an international traveler I bought worldwide catastrophic coverage ($20,000 deductible) for only a few hundred dollars *per year.*

Anything else is window dressing and special interest pandering. The country cannot afford what we have, and less so any of the "reforms" thus far offered. John Stossel says it well in the article below.

http://reason.com/archives/2017/03/29/free-market-care/print
accessed 3.29.2017

Free Market Health Care

Government involvement in health care drives prices up.

John Stossel Mar. 29, 2017 |

President Trump and Paul Ryan tried to improve Obamacare. They failed.

Trump then tweeted, "ObamaCare will explode and we will all get together and piece together a great healthcare plan for THE PEOPLE. Do not worry!"

But I do worry.

Trump is right when he says that Obamacare will explode.

The law mandates benefits and offers subsidies to more people. Insurers must cover things like:

- Birth control.
- Alcohol counseling.
- Depression screening.
- Diet counseling.
- Tobacco use screening.
- Breastfeeding counseling.

Some people want those things, but mandating them for everyone drives up costs. It was folly to pretend it wouldn't.

Insisting that lots of things be paid for by someone else is a recipe for financial explosion.

Medicare works that way, too.

When I first qualified for it, I was amazed to find that no one even mentioned cost. It was just, "Have this test!" "See this doctor!"

I liked it. It's great not to think about costs. But that's why Medicare will explode, too. There's no way that, in its current form, it will be around to fund younger people's care.

Someone else paying changes our behavior. We don't shop around. We don't ask, "Do I really need that test?" "Is there a place where it's cheaper?"

Hospitals and doctors don't try very hard to do things cheaply.

Imagine if you had "grocery insurance." You'd buy expensive foods; supermarkets would never have sales. Everyone would spend more.

Insurance coverage -- third-party payment -- is revered by the media and socialists (redundant?) but is a terrible way to pay for things.

Today, 7 in 8 health care dollars are paid by Medicare, Medicaid or private insurance companies. Because there's no real health care market, costs rose 467 percent over the last three decades.

By contrast, prices *fell* in the few medical areas not covered by insurance, like plastic surgery and LASIK eye care. Patients shop around, forcing health providers to compete.
The National Center for Policy Analysis found that from 1999 to 2011 the price of traditional LASIK eye surgery dropped from over $2,100 to about $1,700.

Obamacare pretended government controls could accomplish the same thing, but they couldn't.

The sickest people were quickest to sign up. Insurance companies then raised rates to cover their costs. When regulators objected, many insurers just quit Obamacare.

This month Humana announced it'll leave 11 states.

Voters will probably blame Republicans.

Insurance is meant for catastrophic health events, surprises that cost more than most people can afford. That does not include birth control and diet counseling.

The solution is to reduce, not increase, government's control. We should buy medical care the way we buy cars and computers -- with our own money.

Our employers don't pay for our food, clothing and shelter; they shouldn't pay for our health care. They certainly shouldn't get a tax break for buying insurance while individuals don't.

Give tax deductions to people who buy their own high-deductible insurance.

Give tax benefits to medical savings accounts. (Obamacare penalizes them.)

Allow insurers to sell across state lines. Current law forbids that, driving up costs and leaving people with fewer choices.

What about the other "solution" -- Bernie Sanders' proposal of single-payer health care for all? Sanders claims other countries "provide universal health care ... while saving money."

But that's not true.

Well, other countries do spend less. But they get less.

What modern health care they do get, they get because they freeload off our innovation. Our free market provides most of the world's new medical devices and medicines.

Also, "single-payer" care leads to rationing.

Here's a headline from Britain's *Daily Mail*: "Another NHS horror story from Wales: Dying elderly cancer patient left 'screaming in pain' ... for nine hours."
Britain's official goal is to treat people four months after diagnosis. Four months! That's only the "goal." They don't even meet that standard.

Bernie Sanders' plan has been tried, and it's no cure.

If it were done to meet American expectations, it would be ludicrously expensive. In 2011, clueless progressives in Bernie's home state of Vermont voted in "universal care." But they quickly dumped it when they figured out what it would cost. Didn't Bernie notice?

It's time to have government do less.

John Stossel joined Reason in 2017. The former of host of Fox Business' *Stossel* and ABC's *20/20*, he has won 19 Emmys and authored several best-sellers, most recently *No, They Can't: Why Government Fails—But Individuals Succeed*. He is also the author of a popular weekly column that is syndicated via Creators.