

ObamaCare Hurts Small Business in Illinois



By:
Keith Liscio

While campaigning for president and pushing his health care reforms in Congress, Barack Obama made a series of claims that made his proposals seem like a no-brainer for small business. First of all, costs for health insurance would go down by an average of \$2,500 for a family of four, clearly saving businesses money. Secondly, the reforms would permanently “bend the cost curve down,” thereby leading to reduced long-term costs for employers who offered their employees insurance. Finally, candidate and President Obama repeatedly assured employees that, “if you have health insurance today and you like it, you can keep it.”

In retrospect there was only one problem with everything that Mr. Obama promised small business about ObamaCare: None of it turned out to be true.

The most glaring falsehood turned out to be the measure’s impact on cost. Instead of decreasing insurance costs, most rates for most employers have gone up. According to C. Steven Tucker,

One reason for the increases is the list of 82 new preventive care mandates that ObamaCare requires all insurance policies to cover.

President of Small Business Insurance Services, Inc., insurance rates for 16-30 person groups have already gone up by 28-32% in Illinois this year and he expects even bigger increases after January 1.

Tucker claims that, “It’s always the small guys that get hit the hardest,” and he has a litany of horror stories about the impact of insurance rates on mom and pop enterprises. For instance, one two-person group that he insures had zero claims last year but faces a 35.6% increase on the same policy this year. Or he tells the story of a woman who was only able to get insurance for her daughter’s preexisting diabetes at a cost of \$5,264 – per month!

One reason for the increases is the list of 82 new preventive care mandates that Obama-

aCare requires all insurance policies to cover. While patients may appreciate the various screenings and preventative care services that are now offered without charge, they certainly are not free to provide. The new requirements mean that if your lifestyle wouldn't require you to need a screening for HIV or obesity, you cannot opt for a cheaper policy that does not cover them. It is a one-size-fits-all program and everybody must participate in every aspect. Employers that pay for health insurance are left to pick up the tab.

These increased costs and mandates are also having a negative effect on the economy, especially job creation. The most recent report from the Bureau of Labor statistics shows that unemployment for October remains stuck at 9.6%, close to the recession high water mark. According to a report from Conn Carroll of the Heritage Foundation:

Obamacare is a tremendous drag on job creation. Businesses suffer higher costs under Obamacare. They are struggling to meet disruptive employer mandates; accommodate new taxes on insurance, drugs, medical devices and investment; and comply with piles of Federal agency regulations and IRS paperwork. These costs will be either passed on to customers or to employees who will face lower wages or lost jobs.

The claim that "if you have health insurance today and you like it, you can keep it" has also proven to be false. While there is no specific provision in the health care legislation that requires changes to an individual's health insurance program, the practical effect is the same for a variety of reasons. First of all, beginning in 2014 the law requires businesses of 50 employees or more to provide government approved health insurance to employees or pay a \$2,000 fine. Most employers currently providing insurance certainly pay more than \$2,000 for that coverage. As costs continue to escalate, many of them will simply choose the economic expediency of eliminating the coverage and paying the fine. Employees, who may have been quite happy with their coverage, will be forced into the open marketplace to find their own insurance and face higher individual premiums as employers look to save money.

Additionally, many insurance carriers are bundling their existing policy holders into Accountable Care Organizations which have been described as "HMOs on steroids." Some employees who hold Blue Cross or Advocate insurance policies in Illinois will see these changes whether they want them or not. Describing these ACOs, Dr. Arie Friedman, National Republican Congressional Committee National Director of Physician Outreach, says, "Welcome to the new world of

...many insurance carriers are bundling their existing policy holders into Accountable Care Organizations which have been described as "HMOs on steroids."

ObamaCare - HMO style restrictions on care accompanied by much higher health insurance premiums."

As bad as the changes ObamaCare has undertaken are, there is one area where action could have lowered costs but was largely ignored. The escalating cost of malpractice insurance premiums and tort reform were not part of the expansive health care package because of fear of alienating a key Democrat party constituency, the trial lawyers.

The threat of malpractice suits raises the costs of healthcare in a variety of ways. First and foremost, judgments against doctors raise insurance rates which are then passed along to consumers. Just as importantly, however, the threat of lawsuits has caused a dramatic increase in "defensive medicine" whereby doctors order tests and procedures not because they are medically necessary but because the doctors are trying to protect themselves in the event of a lawsuit. According to Kyle Stone, a medical malpractice defense attorney, defensive medicine may account for as much as 10-15% of all medical costs. Peter Orszag, former Director of the White House Office of Management and Budget under President Obama, wrote in a recent New York Times article, "In complaining about the missed opportunity to reform medical malpractice laws . . . the critics are entirely on target."

The recent takeover of the House of Representatives by Republicans and their increased numbers in the Senate give small business owners some reason to hope that help is on the way. Their electoral mantra of "Repeal and Replace," however, is likely to face stiff opposition from a White House reluctant to see its signature achievement dismantled before it fully takes effect. At best, Congressional Republicans will have to seek to defund and deauthorize the most offensive provisions in the short term with an eye toward making real reforms under a new president after the 2012 elections. Unfortunately, that will only increase the uncertainty facing small business over the short term. It will probably be many years before political leaders can offer small business any clarity on this key issue. ■

Action Plan:

Demand that your elected legislators make every attempt to repeal Obamacare. Do not accept the excuse that the President has veto power, etc. . . . Republicans must make Obama veto any attempts. Make him defend this monstrosity. Make Obama own this for the next two years. Show Obama as the obstructionist. You must stay persistent!

Growing State Health Insurance Mandates Increases Cost

The Council for Affordable Health Insurance reports that mandated benefits—i.e., medical procedures that states require insurance providers to cover—across the 50 states are on the rise, jumping from 2,133 in 2009 to 2,156 in 2010. Lawmakers across the 50 states have determined that benefits such as the following are necessary to include in essential health coverage: in vitro fertilization (15 states), oriental medicine (three states), services provided by acupuncturists (12 states), athletic trainers (three states), and massage therapists (two states). While CAHI does not pass judgment on the necessity of any of the mandates, it is clear

that not all patients need these kinds of benefits, much less want to pay for them.

Currently, Illinois has 46 mandates for health insurance providers. Lawmakers have made it mandatory that insurance providers in Illinois must provide in vitro fertilization. It is imperative that we stay vigilant in keeping our lawmakers from adding additional 'optional' treatments to this list.

You can see the full list of Illinois Health Insurance coverage mandates at: http://www.insurance.illinois.gov/healthinsurance/Mandated_benefits.asp

<http://blog.heritage.org/?p=45329>