

Let's Repeal and Replace ObamaCare

By: John C. Goodman

June 28, 2012

Now that the Supreme Court has declined to strike down the Patient Protection and Affordable Care Act (Obamacare), the time has come to repeal and replace the entire law. Here are five reasons to do so.

- 1.) The health reform law is a Rube Goldberg contraption that no one can explain.** The reason: It was the result of a special interest compromise, with each group claiming a slice of a 10-year, trillion-dollar pie. [Big Pharma's collusion with the White House](#) to pass Obamacare is just one of many examples of how crony capitalism tried to shape our health care system.
- 2.) The law is not paid for.** The [Congressional Budget Office](#) (CBO) estimates that \$523 billion of health reform's first 10-year cost will be paid for by spending cuts on Medicare enrollees. That means that over half the costs of this reform will be borne by some of the most vulnerable Americans: [the elderly and disabled](#). The Medicare chief actuary's [report](#) explains that as a result of Obamacare, half the seniors in Medicare Advantage plans (7.5 million) will lose coverage and the remainder will face higher premiums and benefit cuts. Nearly one in seven medical facilities is expected to become insolvent and drop out of Medicare altogether in the next eight years. Medicare patients will have increasing difficulty finding a doctor who will see them.
- 3.) The law will impose heavy costs on employment at the very time we can least afford it.** Employers of \$15-an-hour workers will be forced to buy insurance whose cost (for a family) will equal half the employees' wages. The uncertainty the law creates is already making employers reluctant to hire new workers and is contributing to our [anemic economic recovery](#).
- 4.) Obamacare institutes a [bizarre system of subsidies](#) that will prove extremely disruptive to American businesses.** The law offers radically different subsidies to people at the same income level, depending on where they obtain their health insurance — at work, through a health-insurance exchange (a state-regulated health insurance market) or through Medicaid.

Generally, the more money you make, the greater the subsidy at work and the lower the subsidy in the exchange. Therefore, low-income workers will seek work from companies that do not provide insurance, while high-income employees will seek out employers who do. Firms that ignore these worker preferences will not survive, meaning companies and entire industries will be forced to reorganize as they compete for labor. The subsidies and accompanying mandates will cause millions of employees to lose their employer plans and potentially their jobs. At a minimum, these subsidies will incite a huge, uneconomical restructuring of American industry.

5.) Obamacare's approach to health care delivery is bureaucratic and top down. The law creates a slew of pilot programs in an attempt to make health care more efficient. Yet in three separate occasions, the [CBO](#) has found these demonstrations are not working.

The time is ripe for health reform that liberates patients and doctors and encourages innovation and creativity along with real prices and a real marketplace. It's time for a consumer-driven system of care that gives power back to the people.

John C. Goodman is a research fellow at the Independent Institute, president of the National Center for Policy Analysis and author of [Priceless: Curing the Healthcare Crisis](#).