



ACA Taxes are Bad Medicine for an Ailing Economy

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As everyone by now knows, last week's Supreme Court ruling affirmed what many critics have been saying about the Affordable Care Act—that it's a tax that will hit the poor and middle class the hardest. In the wake of the ruling many groups, including those that call themselves free market, have if not applauded, certainly embraced the oncoming new health care law. At a time when the unemployment rate is hovering above 8% and our political leaders are attempting to find any way to jumpstart a struggling economy, this is especially perplexing. By almost all accounts, [including those of the non-partisan Congressional Budget Office](#), the new healthcare law will almost certainly cost billions more than originally planned, and that's an analysis done before the law has been implemented. At a time of budget constraints, a slowed economy and rampant unemployment and underemployment, it's questionable whether this tax is advisable.

As Obamacare has now been affirmed as a tax by the highest court in the land, it now represents [one of the largest tax increases](#) in American history. The law stands to be potentially most burdensome to the groups you would most assuredly not want to burden. First, many experts agree that the burdens Obamacare [places on employers is already hampering job growth](#). Employers know that their costs will continue to rise up to and continuing after the implementation of Obamacare. This is making them cautious in their hiring at a time when the country can least afford it. Secondly, [it will disproportionately hit the poor, middle class and younger workers](#) through increased costs and dropped employer coverage.

There's no doubt that health care in the United States is sorely due for reform, as costs continue to skyrocket and people have trouble finding the care they need. But there are alternatives that don't entail a massive tax increase on the least among us able to pay. Some proposals involve giving tax credits for purchasing health care coverage, which [John Goodman at the National Center for Policy Analysis lays out in this blog post](#). In essence, every adult and child would receive a fixed tax credit that could be applied to purchasing health care coverage—for instance, \$2,500 for every adult and \$1,500 for every child. Goodman notes that this proposal is the same one that has been offered up in Congress by Congressman Ryan and Senator Coburn.

Many call for a market-based approach to health care. In an op-ed published a few years back in the Wall Street Journal, Whole Foods CEO John Mackey laid out a the way [Whole Foods](#)

[provides health care to its employees](#), and how our government could take a few hints on doing it the same way. This approach calls for high-deductible plans for workers, while funding workers health savings accounts to help make up the difference until they meet their deductible threshold. A market-based approach would also include allowing insurance companies to compete across state lines and publicizing what medical care actually costs. When employees are paying out of their own HSAs up to their deductible, dollars are spent much more wisely and costs are better reined in. By allowing consumers to shop around for medical care, you're making it more competitive and making consumers more sensitive to price. By bringing consumers back into the fold when choosing their medical care, we can help to rein in costs and have doctors compete.

When [Americans oppose this law by a 2-1 margin](#), it should signal to policymakers that something is wrong. Consumers are obviously resistant to increased taxes and health care costs, and most everyone is in agreement, including the Supreme Court, that Obamacare not only increases the direct cost to consumers through a tax, but through increased costs for health care in America. Policymakers should pay attention—consumers understand we can't afford this.