



A Natural Born Job Killer

By David Catron

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Don't believe the media. Obamacare is already adding to the unemployment rolls.

Commenting on the mainstream media of his day, Thomas Jefferson famously observed that "The man who reads nothing at all is better educated than the man who reads nothing but newspapers." Coming from the Sage of Monticello, whose credentials as an advocate of the free press were pretty darned solid, this is an arresting statement. And it is evident that the news business has changed little during the two centuries that have come and gone since he penned that uncivil passage. Even if one ignores the "reporting" perpetrated by the *New York Times* and other leading lights of journalism in the wake of the Tucson shooting, the continuing relevance of Jefferson's comment can be verified by perusing the stories appearing in most prominent publications about the GOP effort to repeal Obamacare .

The new House majority incurred the wrath of the media by refusing to change the name of the repeal bill and ignoring their calls to "wait a bit longer" before bringing it up for a vote. In fact, the Republicans had the temerity to give the "Repealing the Job-Killing Health Care Law Act" pride of place in their vote schedule. This affront has inspired a spate of "news" stories claiming that the GOP has misled the public concerning Obamacare's effect on unemployment. The Republicans have, according to these articles, misrepresented a CBO report that suggests the new law will eliminate 650,000 jobs. A typical example is an AP "fact check" piece that includes this priceless quote from economist Paul Fronstin: "CBO isn't saying that there is job loss as much as they are saying that fewer people will be working."

The irony of such verbal contortions is that they would be unconvincing even if they were not self-refuting. It isn't necessary to invoke the CBO to demonstrate that Obamacare is a job killer. The ink was hardly dry on the new law when the layoffs began at the small insurance companies. Last year, HealthMarkets announced its plan to eliminate 250 jobs pursuant to "national healthcare reform." Likewise, Principal Financial Group said it would get out of the health insurance business and lay off 1,500 workers due to "the shadow of a lot of regulatory matters." The darkest of these regulatory shadows is Obamacare 's requirement that health carriers spend 80% of premiums on medical care. This mandate will drive many other carriers out of the market as well, and kill the jobs of anyone working in their health divisions.

The job losses have by no means been limited to health insurance companies. The actual providers of health care, including community hospitals, are beginning to eliminate jobs. Memorial Hospital in South Bend, Indiana, has had to cut nearly 50 jobs because Obamacare "has already started to cut reimbursement rates to hospitals across the region and the country and we expect that reality to get worse moving forward." Another small hospital, in Leominster, Massachusetts, will eliminate about 50 positions. The spokesman for that institution said the cuts were made necessary by "health care reform, with its reductions in Medicare and Medicaid reimbursements." Yakima Valley Memorial, in the state of Washington, will also cut 70 to 100 jobs because "Under federal health care reform, Memorial must reduce its expenses."

In addition to the jobs it will destroy in the insurance and hospital industries, Obamacare's new taxes will kill countless jobs in the medical device industry. The Massachusetts Medical Device Industry Council estimates that about 90 percent of member firms will be forced to "cut back on operational costs -- and jobs -- after [Obamacare's] 2.3 percent tax on their products is implemented in 2013." And, lest you fall into the error of thinking that "reform" will bring enough new customers to offset the increased tax burden, 42 percent of the affected firms have indicated that Obamacare will not increase their business. The others are no doubt hoping that at least one of the promises made on behalf of Obamacare will actually be fulfilled. Inevitably, however, this addition to their cost of doing business will add to the unemployment rolls.

If you believe that all this carnage will somehow render health care more "efficient," as many progressive policy wonks have claimed, remember that reform-induced job losses will not be limited to the health care industry. As health care economist John Goodman points out, the various mandates imposed by Obamacare will effectively raise the cost of labor across the economy. He estimates that they will add "\$2.28 an hour for full time workers (individual coverage) and \$5.89 an hour (family coverage) for fulltime employees." Many businesses simply cannot absorb such increases without cutting labor costs. This is why we have heard so many *cris de coeur* from low-margin employers like White Castle, which says the financial hit "will make it hard for the company to maintain its 421 restaurants, let alone create new jobs."

And the government cannot simply "waiver" this problem away. Thus far, the Obama administration has issued get-out-of-jail-free cards to well over 200 employers and unions that screamed bloody murder when they realized how much devastation Obamacare will wreak on their operations. These waivers don't cure the disease. They merely treat its symptoms. Even worse, they will eventually draw U.S. health care into an increasingly corrupt, Chicago-style political spoils system. Because these waivers are issued at the pleasure of the HHS Secretary, it is inevitable that the companies and unions with the most political power (i.e. those which have made the largest cash donations to the Democrats) will be given special dispensations. Less affluent employers will be forced to save money by cutting their labor costs.

None of the "reporters" peddling the CBO meme have shown any interest in the job losses already caused by Obamacare. They prefer to focus on the wickedness of the Republicans. As Paul Krugman phrases it, "The key to understanding the G.O.P. analysis of health reform is that the party's leaders are not, in fact, opposed to reform because they believe... it will be 'job-killing' (which it won't be). They're against reform because it would cover the uninsured -- and that's something they just don't want to do." This is the sort of dishonesty that prompted

Jefferson to augment the above-quoted criticism of the Fourth Estate with the following:
"Advertisements contain the only truths to be relied on in a newspaper." Were he with us today, he would no doubt include broadcast media and many Internet outlets in this indictment.

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