

CBO Has No Credibility on Health Care Reform Prediction

By: Alfredo Ortiz

In March 2015, the Congressional Budget Office claimed Obamacare exchanges would cover 24 million Americans by 2017. The actual number today: 12 million. It was only off by half. Oops.

This flawed coverage prediction is just one of numerous instances where the CBO's Obamacare aim has been about as accurate as a drunk at a dartboard. Yet despite its record, Obamacare defenders and their media allies are treating as gospel the CBO's prediction last week that 23 million people would lose coverage under the Republican's American Health Care Act.

The 23 million guess should be treated with extra skepticism because it is a prediction on top of a prediction. It is an estimate of how many Americans would lose coverage based on an estimate of how many would have otherwise gained it by 2026 under Obamacare.

Backers of healthcare reform must make the speculative nature of this prediction common knowledge if they want to maintain support for their proposal. The apocalyptic media coverage of the Obamacare sheep bleating this apocryphal prediction could sink it if they don't.

It's true that on a static basis, the AHCA will initially cause some people to lose coverage because it eliminates the coverage mandates and federal funding for Medicaid expansion associated with Obamacare. But this finding is as much an indictment of Obamacare as it is of the AHCA because it admits the only things maintaining current coverage levels are government force and

charity – not consumer preference.

On a dynamic basis, the AHCA would increase coverage because it would provide additional and cheaper coverage options. The CBO even admitted that “a few million” people will purchase these new plans, but still classified them as “uninsured” because these plans don't live up to its requirements – forget what the consumer wants.

As premiums and deductibles skyrocket under Obamacare, we must ask: At what point is insurance divorced from coverage? Is a plan with a \$12,400 deductible – the average among bronze plans – really coverage?

A new Health and Human Services report shows that average premiums in the individual market have more than doubled, increasing by roughly \$3,000 for the average family, since 2013. Prices will only increase further as more insurers jump the Obamacare ship; one-third of counties now only have one insurer. For many, these pricey plans are worse than having no insurance at all.

Along with other market-based reform proposals, the AHCA addresses inflated healthcare costs, which most Americans say is the most urgent health problem. It does this in several ways. First, the AHCA eliminates Obamacare's slew of taxes like the ones on providers and devices that economists and common-sense say are simply passed on to consumers in the form of higher prices. Even the CBO admitted this economic reality back in 2009.

Second, by eliminating coverage mandates, the AHCA forces providers to offer

products that consumers – not the government – want. That means cheaper plans with fewer frills.

Third, the AHCA's refundable tax credits give consumers more control of their health care dollars, encouraging them to shop around for the best price, and encouraging providers to price aggressively to attract consumers. Experts generally agree that reducing the use of third-party payers that insulate consumers from their spending decisions will bring down costs.

Lastly, the AHCA expands age-rating bands and allows for high-risk pools, both of which would reduce the amount that average consumers need to pay to subsidize the costliest patients. (Policymakers could reduce costs even further with additional supply-side reforms like eliminating Certificate of Need laws and geographical restrictions that ration care.)

Taken together, these reforms will meaningfully address the cost drivers burdening working families. They will also provide attractive coverage options for those without it. This will improve healthcare access compared to the failing status quo.

In order to generate public support, healthcare reformers must aggressively make this argument in the context of the CBO's sad speculative record. This can shift their public perception on healthcare reform from “heartless” to headstrong.

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