

Can we call it health care if it makes more than half the nation sick?

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A quick reading of the so-called Affordable Care Act suggests that there are a number of economic impacts that will occur relatively soon. First, premiums on all health care plans will increase substantially. The bill mandates significant changes to plans that take place immediately. These changes are very expensive. Any provider that does not raise costs to cover the mandates will go out of business.

In addition to telling insurance companies what they have to cover, there are a large number of reporting requirements that will also drive costs higher. The timing of these is generally delayed so that the government can figure out what information it wants and what additional requirements it believes it may need.

As businesses and individuals experience higher health insurance premiums, they will respond. Businesses will either reduce wages or cut employees to pay for the new costs. Some will simply close up shop. Although the recovery can continue, it will be more painful as many individuals find they have less spendable earnings.

A secondary impact of the law will be to reduce the number of doctors, new medicines and medical equipment. This will happen because practicing medicine, creating new drugs and producing medical equipment will be under government control.

The Secretary of Health, Education and Welfare will have the power to determine how medicine is practiced, what drugs are approved for use and what medical devices can be used. Practicing medicine will change. Doctors will have to have to use “best practices” and comply with “value-based” procedures. Although none of these terms are defined, the Secretary of Health will consult with experts to determine precisely what they mean.

In addition to all other risks they face, doctors, pharmaceutical firms and medical device makers will face the risk that their approach can be deemed unacceptable by the Secretary. This will make doing business in any of these areas more difficult.

Over and above the increase in risks, there are billions of dollars in new taxes on pharmaceutical firms and device makers, as well as limitations on what doctors can do. This will discourage people from wanting to practice medicine as well as discourage investments directly related to health care. There will be a lot of money spent in the health care industry. Unfortunately, it will be spent on reports, analysis, surveys and processes, instead of treating those who need care.

If we avoid double counting, it appears that all this will increase government spending by some \$3 trillion over the next ten years. As with most government programs, this will have the effect of doing the opposite of what it intends. Quality and availability of health care will decline and its costs will soar.

I could go on, but after going through various parts of the bill I felt an urgent need to see a doctor.