

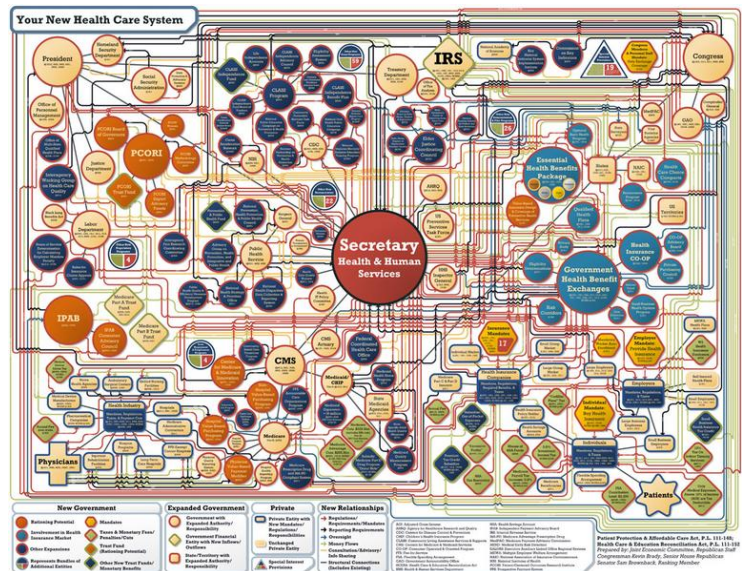
Repealing and Replacing Obamacare: Myth vs. Fact

1. Myth: Republicans have no plan to replace Obamacare.

Fact: The House Republican replacement plan, the **Better Way: Health Care**, has been publicly available since **June 22, 2016**.¹ Also, President Trump’s nominee for Secretary of Health and Human Services, Rep. Tom Price, introduced a bill similar to the Better Way in 2015 with full legislative text.²

2. Myth: Republicans will “make America sick again” by putting insurance companies back in charge.

Fact: Obamacare is sick and America needs a cure. The Republican plan puts patients back in charge instead of government bureaucrats. This chart illustrates the dizzying maze of bureaucracies designed to stand between doctors and their patients when Obamacare became law in 2010.³ In contrast, the Better Way gives patients more control over the insurance they buy, while prohibiting insurers from imposing lifetime limits or denying or suddenly dropping coverage due to a patient’s illness.⁴



3. Myth: Repeal means that millions of Americans will suddenly lose their exchange plans, their premium subsidies, and Medicaid coverage.

Fact: The repeal will contain a reasonable transition period to prevent disruption for families and the insurance market while we transition to a new and better system. Speaker Paul Ryan promised “a stable transition period so that people don’t have the rug pulled out from under them.”⁵

4. Myth: People will lose the premium tax credits that help them afford insurance.

Fact: The **Better Way** provides more universal help than the Obamacare premium subsidies. Aside from driving down insurance costs through more choice and competition, the Better Way provides refundable tax credits to those not covered by their employer or government programs in order to help them afford insurance.⁶ Currently, the Obamacare premium tax credits are only available to certain people in the exchanges.

5. Myth: People with pre-existing conditions won't be able to get insurance.

Fact: The Better Way prohibits insurers from denying coverage due to a pre-existing condition. In addition, it applies protections already in the employer-based market to the individual market so that patients cannot be charged discriminatory rates based on their condition if they maintain insurance coverage.⁷

6. Myth: Young and healthy adults will drop coverage and won't be able to stay on their parents' plans up to age 26.

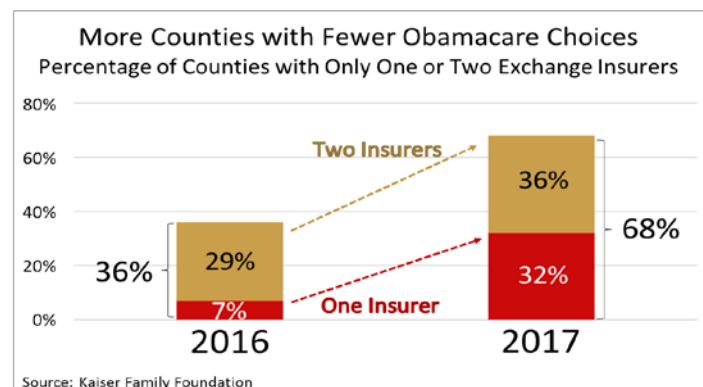
Fact: The Better Way allows young adults to stay on their parents' plans until age 26⁸ and will reverse Obamacare policies already driving the young and healthy away from the insurance market.⁹ By severely limiting the ability of insurers to adjust premiums based on age, the ACA essentially forces the young to subsidize older adults. This is likely a factor in why young adults make up only 28% of those covered by the exchanges instead of the anticipated 40% and are the age group least likely to be insured.¹⁰ The Better Way sets more reasonable age-rating standards while offering larger tax credits for the purchase of insurance as people age.¹¹

7. Myth: The nonpartisan Congressional Budget Office confirmed that Obamacare repeal would cause a massive loss of insurance coverage and a spike in premiums.

Fact: The CBO analysis¹² is meaningless because it is incomplete. Democrats asked CBO to examine the partial repeal that could be addressed through reconciliation procedures in the last Congress, which under budget rules could not tackle many of the burdensome Obamacare mandates that make insurance expensive. CBO did not take into account future replacement legislation or actions the Trump Administration is taking¹³ to lower costs and expand insurance choices. If anything, CBO showed how broken Obamacare is by predicting its costly mandates would cause people to drop coverage in droves unless the federal government forces Americans to buy insurance.¹⁴

8. Myth: Some insurers will drop out of the exchanges after repeal.

Fact: Obamacare is making this happen now. In just one year, the number of counties lacking a real choice of insurance in the exchanges has almost doubled. Today, nearly one-third of counties have only one remaining insurer to "choose" from and a whopping 7 in 10 have two or fewer insurers offering coverage.¹⁵



9. Myth: Premiums will skyrocket if Obamacare is repealed.

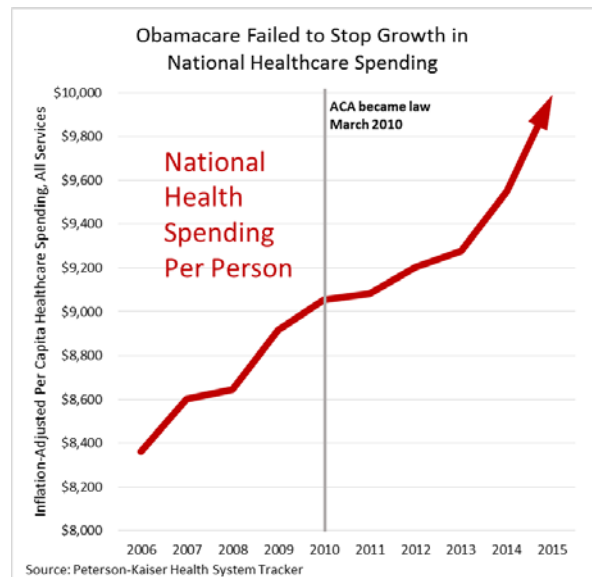
Fact: Premiums are skyrocketing under Obamacare, and Republicans have a plan to reduce costs. Premiums have been rising in spite of President Obama's promise that families would be paying \$2,500 less.¹⁶ The average premium increase in the individual market this year was 25.2%.¹⁷ Some of the Better Way reforms to reduce costs include allowing patients to choose the plan that best suits them instead of a one-size-fits-all expensive plan, allowing consumers to buy plans in other states, enhanced pooling arrangements that let families and businesses band together for purchasing power, medical liability reform, and expanding health savings accounts.¹⁸

10. Myth: Millions will lose their Medicaid and Children's Health Insurance Program (CHIP) coverage.

Fact: The Better Way will maintain CHIP at historical levels¹⁹ and provide states with transition relief and greater flexibility with Medicaid. Under the current system, states must beg the federal government for waivers (which are not always granted) if they want to adjust Medicaid requirements to better suit the needs of their population.²⁰ Waivers are more likely in the Trump Administration, and the Better Way gives states more authority to design Medicaid to fit the needs of their state, including allowing them to expand coverage. It will also provide transition relief in the states that have already expanded coverage. In addition, the Better Way would give Medicaid recipients the choice of purchasing a higher-quality private plan with refundable tax credits.²¹

11. Myth: Obamacare reduced the growth in health costs. Healthcare inflation is the lowest in 50 years.

Fact: According to experts that include many in the Obama Administration, Obamacare did not “bend the health cost curve.” While there are many ways to measure how much America spends on health care and how much it has grown, one measure of health inflation the Obama Administration relied on shows a downward trend beginning in 2004 (years before Obamacare) followed by a sharp spike since 2013 when more Obamacare “reforms” kicked in.²² According to the Obama Administration’s own Centers for Medicare and Medicaid Services (CMS), Obamacare shares the blame for the recent and future expected acceleration in health spending.²³ Using another measure from independent experts who track health data,²⁴ this chart shows the trajectory of national health spending per person since ACA passage.



12. Myth: Repeal is a tax giveaway to millionaires at the expense of the middle class.

Fact: Many of Obamacare’s \$1 trillion in Obamacare taxes hit the middle class²⁵ in violation of President Obama’s pledge.²⁶ In spite of President Obama’s promise not to raise taxes on those making less than \$200,000 (\$250,000 if filing jointly), the nonpartisan Joint Committee on Taxation (JCT) confirmed that many ACA taxes hit the middle class. In fact, JCT found that the tax increase on people with high medical expenses will hurt more low- and middle-income Americans this year than will be helped with premium tax credits.²⁷ Further, one of the ACA taxes aimed at the “wealthy,” the 3.8% investment income tax, contributed to the top tax rate on small businesses rising from 35% when President Obama took office to 44.6% today.²⁸

13. Myth: Republicans are not providing a deliberative and transparent process by repealing parts of Obamacare through reconciliation procedures.

Fact: Democrats used reconciliation to pass Obamacare in 2010 without a single Republican vote. Without an open and transparent conference committee process, Democrats used reconciliation to change major portions of the Senate-passed bill with very little notice to the public.²⁹ Further, the Congressional Research Service estimates that Republicans have held at least 243 hearings and 37 markups on aspects of the ACA and health reform since 2011, and Republicans will continue to do so while welcoming Democratic support and input.

14. Myth: Repealing Obamacare will cause millions of lost jobs, including many in your state.

Fact: The Commonwealth Fund study cited by Democrats³⁰ assumes no replacement and is deeply flawed. First, the study assumes partial repeal with no replacement. Second, the study relies on an outsized Keynesian “fiscal multiplier” that assumes a \$1 reduction in certain federal health spending automatically results in almost \$2 of economic damage in states. By this tortured logic, the more Obamacare drives up federal health spending, the more jobs will be created (ignoring how this might crowd out private-sector investment). Economists disagree on the scope, modeling methods, and even existence of federal spending multipliers.³¹ Even CBO estimates fiscal multipliers in a broad range of possibilities rather than the study’s specific figures, while noting that any multiplier “must be estimated; it cannot be observed.”³² The study’s own authors admitted, “All projections entail uncertainty.”³³ In a different analysis of whether Obamacare is creating or destroying employment, CBO determined that over the next decade ACA will cause the equivalent of 2 million workers to lack full-time jobs due mainly to the law’s effect on marginal tax rates.³⁴

¹ “A Better Way: Healthcare,” Speaker Paul Ryan, 6-22-2016. <https://goo.gl/5cOBAV>

² H.R. 2300, 114th Congress

³ “Your New Healthcare System: Understanding the Obamacare Chart,” Joint Economic Committee, July 2010. <https://goo.gl/t0F5Iz>

⁴ Better Way, p. 20.

⁵ “2017 Premium Changes and Insurer Participation in the [ACA’s Exchanges],” Kaiser Family Foundation, 11-1-2016. <https://goo.gl/gK1U0OM>

See Also: “Obamacare Repeal Resolution is ‘Critical Step Towards Delivering Relief,’” Speaker Paul Ryan, 1-13-2017. <https://goo.gl/n4l2Qb>

⁶ Better Way, p. 14.

⁷ Better Way, p. 20.

⁸ Better Way, p. 20.

⁹ Better Way, P. 21.

¹⁰ Keisling, Jonathan, “Age Bands and the Affordable Care Act,” American Action Forum, 7-13-2016. <https://goo.gl/h1myO8>

¹¹ Better Way, p. 21.

¹² “How Repealing Portions of the [ACA] Would Affect Health Insurance Coverage and Premiums,” CBO, 1-17-2017. <https://goo.gl/gk6f1g>

¹³ “Trump signs ObamaCare executive order,” The Hill, 1-20-2017. <https://goo.gl/jiNkS1>

¹⁴ Blahous, Charles, “What CBO Analysis of Partial Obamacare Repeal Really Means,” E21, 1-17-2017. <https://goo.gl/9BSqll>

¹⁵ Keisling

¹⁶ Wogan, J.B., “No cut in premiums for typical family,” *Politifact*, 8-31-2012, <https://goo.gl/e1exUu>

¹⁷ “State Obamacare Premium Data,” Joint Economic Committee, 11-1-2017. <https://goo.gl/sGkeaw>

¹⁸ Better Way, p. 13.

¹⁹ Better Way, p. 27.

²⁰ “Section 1115 Demonstrations,” CMS, <https://goo.gl/BdHTpT>

²¹ Better Way, pp. 23-28.

²² Economic Report of the President 2017, p. 269, Figure 4-35. <https://goo.gl/BsGLAE>

²³ NHE Fact Sheet,” CMS, 12-2-2016. <https://goo.gl/YQ2Tve>.

²⁴ “Health Spending Explorer,” Peterson-Kaiser Health System Tracker, 12-7-2016. <https://goo.gl/MDJ5BV>

²⁵ “CBO/JCT Confirm that Obamacare is a \$1 Trillion Tax Hike,” *Ways and Means*, 7-25-12. <https://goo.gl/7GkO5w>

²⁶ “No family making less than \$250,000 will see ‘any form of tax increase,’” *Politifact* Obameter, <https://goo.gl/W0Wqo5>

²⁷ “Hearing to Consider the Anticipated Nomination of [Mnuchin] to be Secretary of the Treasury,” Senate Finance, 1-19-2017. <https://goo.gl/QXRcgC>

²⁸ “Tax Revenues to More Than Double by 2023, While Top Tax Rates Hit Highest Level Since 1986,” *Ways and Means*, 2-13-2013. <https://goo.gl/r0sTvG>

²⁹ H.R. 4872, 111th Congress

³⁰ Ku et. al., “The Economic and Employment Consequences of Repealing Federal Health Reform: A 50 State Analysis,” GWU, <https://goo.gl/fxqGPe>

³¹ Barro, Robert, “Fiscal Multiplier,” Harvard University, April 2013. <https://goo.gl/Ow4pKv>

See Also: Sumner, Scott, “Why the Fiscal Multiplier is Roughly Zero,” Mercatus Center at GMU, 9-11-2013. <https://goo.gl/2AjUpE>

³² “The Fiscal Multiplier and Economic Policy Analysis in the United States,” CBO, p. 1, February 2015. <https://goo.gl/FrZd1v>

³³ “Repealing Federal Health Reform: Economic and Employment Consequences for States,” Commonwealth Fund, p. 7. <https://goo.gl/uhaaGa>

³⁴ “How CBO Estimates the Effects of the Affordable Care Act on the Labor Market,” CBO, December 2015. <https://goo.gl/n9XwyW>