Tennessee Center for Policy Research

Analysis of President Obama's Speech to Congress on Healthcare

September 10, 2009

Based on a compilation of independent sources, the Tennessee Center for Policy Research has analyzed President Obama's September 9th speech to a joint session of Congress outlining his new healthcare plan. That analysis is below:

The President Said: "[B]uying insurance on your own costs you three times as much as the coverage you get from your employer."

The Reality Is: "Premiums for employment-based plans are expected to average about $5,000 per year for single coverage and about $13,000 per year for family coverage in 2009. Premiums for policies purchased in the individual insurance market are, on average, much lower—about one-third lower for single coverage and one-half lower for family policies."[1]

The President Said: "There are now more than thirty million American citizens who cannot get [health insurance] coverage."

The Reality Is: As many as 75% of the uninsured could afford coverage, meaning that less than 10 million uninsured Americans may be unable to afford coverage.[2]

The President Said: "In just a two year period, one in every three Americans goes without health care coverage at some point…More and more Americans worry that if you move, lose your job, or change your job, you'll lose your health insurance too."

The Reality Is: This is a problem because health insurance is directly tied to employer-based coverage. If Americans received the same tax benefits for obtaining individual coverage as their employers, they could take their health insurance with them when they left or lost their job. The President's proposal not only fails to address the serious problems with employer-based coverage, it promotes it heavily.

The President Said: "We spend one-and-a-half times more per person on health care than any other country, but we aren't any healthier for it."

The Reality Is: While Americans do in fact spend more on healthcare than any other nation, "[w]hen you compare the outcomes for specific diseases, the United States clearly outperforms the rest of the world. Whether the disease is cancer, pneumonia, heart disease, or AIDS, the chances of a patient surviving are far higher in the United States than in other countries."[3]

The President Said: "[I]f you are among the hundreds of millions of Americans who already have health insurance through your job, Medicare, Medicaid, or the VA, nothing in this plan will require you or your employer to change the coverage or the doctor you have. Let me repeat this: nothing in our plan requires you to change what you have."

The Reality Is: Many employers will be forced to modify their plans to meet the new government standards and still others will simply drop coverage for their employees, forcing employees to obtain their own coverage or join the government-run plan. The Urban Institute estimates that up to 47 million Americans will lose their current coverage, while the Lewin Group estimates that as many as 114 million Americans' coverage will be dropped.[4]

The President Said: "[Insurance companies] will no longer be able to place some arbitrary cap on the amount of coverage you can receive in a given year or a lifetime. We will place a limit on how much you can be charged for out-of-pocket expenses, because in the United States of America, no one should go broke because they get sick. And insurance companies will be required to cover, with no extra charge, routine checkups and preventive care, like mammograms and colonoscopies…"

The Reality Is: Forcing insurance companies to eliminate caps and cover routine treatments will drastically increase health insurance costs and compel insurance companies to skimp on important and necessary treatments. Individuals can purchase coverage for the treatments mentioned, but it should be optional, not compulsory.

The President Said: "[U]nder my plan, individuals will be required to carry basic health insurance…"

The Reality Is: Despite the fact that the President pledged not to raise taxes on those making less than $250,000 a year, a senior member of his own Administration admits that a mandate "will act as a very regressive tax, penalizing uninsured people who genuinely cannot afford to buy coverage."[5]

The President Said: "[A]n additional step we can take to keep insurance companies honest is by making a not-for-profit public option available in the insurance exchange."

The Reality Is: Public entities never compete on a level playing field with private companies. First, public entities have an unlimited supply of investors—the American taxpayer. Second, the public entities set the rules that the private companies must abide by, giving them an unfair advantage. A public option would actually "reduce competition by driving lower-cost private health plans out of business."[6]

The President Said: "I have insisted that like any private insurance company, the public insurance option would have to be self-sufficient and rely on the premiums it collects."

The Reality Is: Fannie Mae and Freddie Mac were also intended to be self-sufficient, but they have been bailed out and could eventually cost taxpayers upwards of $200 billion.[7]

The President Said: "I will make sure that no government bureaucrat or insurance company bureaucrat gets between you and the care that you need."

The Reality Is: Actually, the President proposes setting up a bureaucracy between patients and doctors, called the Independent Medicare Advisory Council. This new body "would enhance Medicare's ability to deny care to the elderly and disabled based on government bureaucrats' arbitrary valuations of those patients' lives."[8]

The President Said: "I will not sign a plan that adds one dime to our deficits - either now or in the future."

The Reality Is: The Congressional Budget Office estimates that the leading current plan, H.R. 3200, will increase the deficit by $239 billion over the next ten years alone.[9]

The President Said: "This reform will charge insurance companies a fee for their most expensive policies."

The Reality Is: While geared toward "Cadillac" insurance policies, this fee will be passed on to consumers, so those forced to purchase expensive policies because they are unhealthy or need expansive treatment will be hit the hardest.

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2 M. Kate Bundorf and Mark V. Pauly, "Is health insurance affordable for the uninsured?," National Bureau of Economic Research, No. 9281, October 2002.
3 Michael Tanner, "The Grass Is Not Always Greener: A Look at National Health Care Systems Around the World," Cato Institute, No. 613, March 18, 2008, p. 5.
4 John Holahan and Linda J. Blumberg, "Is the Public Plan Option a Necessary Part of Health Reform?," Urban Institute, June 26, 2009, p. 8; "Analysis of the July 15 draft of The American Affordable Health Choices Act of 2009," The Lewin Group, July 17, 2009.
5 Sherry A. Glied, Ph.D., "Universal Coverage One Head at a Time — The Risks and Benefits of Individual Health Insurance Mandates."
6 Michael F. Cannon, "Fannie Med? Why a "Public Option" Is Hazardous to Your Health," Cato Institute, No. 642, July 27, 2009.
7 "Fannie Mae and Freddie Mac Bailouts of $200 Billion?," *New York Times*, July 23, 2009.
8 Michael F. Cannon, "Sorry folks, Sarah Palin is (partly) right," *Detroit Free Press*, August 19, 2009.
9 Congressional Budget Office, <http://www.cbo.gov/ftpdocs/104xx/doc10464/hr3200.pdf> (accessed September 10, 2009).