

# Another apologia for Obamacare from the New York Times' Paul Krugman

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Last week's announcement by the US Department of Health and Human Services that premiums for health insurance plans sold under the Affordable Care Act (ACA) will increase by an average of 25 percent in 2017 came as a shock to millions of working and middle class Americans who are struggling with soaring health care costs.

For the Democratic Party and the presidential campaign of Hillary Clinton, the announcement was unwelcome news. The former secretary of state is running as the continuator of Obama's supposedly "progressive" legacy, including his "Obamacare" overhaul of the US health care system.

The announcement on premiums only underscored what is becoming increasingly obvious: Obama's so-called "reform" is a reactionary scheme to slash costs and boost profits for the giant insurance conglomerates by undermining the system of employer-provided health insurance and forcing workers to buy expensive, inferior plans on an individual basis. It is basically a voucher system that points the way toward the privatization of Medicare and Medicaid.

Who could be summoned to throw dust in the people's eyes and argue that the sweeping out-of-pocket cost increases are no big deal? That flack for Obama and Clinton—Paul Krugman, of course.

In an opinion piece published Friday under the headline "Obamacare Hits a Pothole," the very well-off and infinitely complacent *New York Times* columnist reprises his role as cheerleader for Obama's "signature domestic program." As in last year's "Hooray for Obamacare" column, he piles one lie on top of another to defend the ACA.

On the ACA premium hikes, he writes: "The people who have been claiming all along that reform couldn't work, and have been wrong every step of the way, are,

of course, claiming vindication. But they're wrong again."

Krugman claims that despite the "wild roller-coaster ride" of Obamacare, the program has been successful in its "two big goals: to cover the uninsured and to rein in the overall growth of health care costs." An examination of the ACA's performance in these two areas exposes the cynicism of liberal apologists such as Krugman who hail the program's "progressive" character.

An estimated 20 million people have gained insurance under the ACA, but some 29 million Americans—nearly 9 percent of the population—remain uninsured. But even these disgraceful numbers do not tell the whole story. For wealthy individuals like Krugman it is of no concern whether people with insurance—through Obamacare, their employer or a government program—have adequate and affordable coverage.

What are the facts? In addition to spiking premiums, many of those purchasing the more affordable ACA plans have coverage with deductibles in excess of \$5,000 as well as other excessive out-of-pocket costs. Networks of doctors, hospitals and other providers available to ACA clients are shrinking across the board. As predicted by Obamacare's architects, the high-deductible, narrow network plans promoted under the ACA are increasingly becoming models for health plans offered by employers.

Krugman dismisses such harsh truths. No matter how costly, and no matter how difficult it is for those with insurance to actually access decent medical care, as far as he is concerned, being insured means being insured. Period. These "insured" individuals are statistical feathers in Obamacare's cap.

Krugman cynically writes that those affected by the

premium hikes are “only about a fraction of a fraction of the population (which admittedly may still be several million people).”

Krugman’s second measure of Obamacare’s supposed success, slowing the growth of health care costs, needs to be examined even more critically. He enthuses that “health cost growth has plunged: Since Obamacare passed Congress, private insurance costs have risen less than half as fast as they did in the previous decade, and Medicare costs have risen less than a fifth as fast.”

He knows, of course, that this is by design. From the beginning, the entire overhaul was a scheme to slash health care spending by rationing care for the vast majority of Americans. Is the reduction in health care costs due to reduced premiums charged by the private insurance companies? Or a reduction in insurers’ profits? Clearly not.

These cost savings are at the expense of health care services for millions. Recent research by GfK, a marketing and customer research firm, has revealed that *50 percent* of Obamacare customers are cutting back on medical care to help manage their health costs. This compares to an already deplorable 33 percent among the general insured population.

As for Medicare spending, Obamacare is indeed reducing spending for the government program that insures 53 million US seniors and disabled people. The Congressional Budget Office estimated in 2013 that the ACA would reduce Medicare spending by \$716 billion by 2022.

This is being accomplished by revising the payment system for Medicare providers to reward doctors for cutting costs and penalizing them if the volume and frequency of the health services they provide are deemed too high. Doctors and providers will now have a direct incentive to withhold medical tests and procedures considered “unnecessary” and too costly. The cost savings will be at the expense of seniors, who will be denied vital, even life-saving treatments.

Krugman concludes his column by pondering whether the current problems in Obamacare can be fixed—specifically, the inability of the ACA exchanges to attract a sufficient number of young, healthy individuals. A less healthy pool of enrollees has raised the costs to insure them, prompting insurers to hike premiums or pull out of the program altogether. The

three largest insurance giants have largely exited the ACA exchanges due to higher-than-expected costs.

Krugman’s main prescription for getting more people to sign up for Obamacare is to “strengthen the mandate.” Under the ACA’s “individual mandate,” individuals without coverage through their employer or a government program like Medicare or Medicaid must obtain insurance or pay a tax penalty. Such coverage can be purchased only from private insurers, on or off the ACA exchanges.

Penalties for going uninsured are set to rise to \$700 or more in 2017. Raising these already steep penalties would be aimed at either browbeating people into purchasing coverage or having them pay more for the “privilege” of going without insurance. There is no suggestion by Obamacare proponents that insurers cut their premiums or reduce their already bloated profits. In fact, under discussion are proposals to provide bigger cash subsidies to the companies for insuring high-cost customers.

This brings us to the final point. Krugman’s attempt to portray the rise in ACA premiums as another inconvenient “pothole,” which can be patched up so the Obamacare train can ride smoothly over it, is based on the false premise that the legislation is a progressive reform. This is a lie. The ACA is a counter-reform designed to slash costs for corporations and the government while rationing medical care for the vast majority of Americans.

An individual like Paul Krugman, with an estimated net worth of \$2.5 million, will not be adversely affected by the Obamacare counterrevolution. It is in his interests as a professional defender of the financial elite to whitewash the legislation precisely because of its reactionary features.



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