

# THE OBAMACARE “WONKS” ARE AWFULLY SELECTIVE ABOUT WHICH TAXES AND COSTS THEY SEE

Let me start this critique (what may be the first of two parts) of Jonathan Cohn’s scolding of Bernie Sanders on health insurance by looking at this passage, from the end of his piece:

[Bernie] might not get his plan through Congress, sure, but he could use his promise to extract other useful legislation from Congress. Maybe he could win approval for the “public option” insurance plan that was originally part of Obamacare, or for allowing the non-elderly to buy into Medicare.

These are legitimate arguments. But liberal policy wonks remember the struggle to enact and then implement Obamacare. They also also remember that universal health care was a progressive dream for nearly a century, one that proved impossible for presidents with names like Roosevelt and Truman (and Clinton!) to realize.

One reason reform took so long is that, for most of that period, activists and the wonks were pulling in different directions, with the activists pursuing single-payer and the wonks looking for compromises. The (mostly) unified front they showed in 2009 and 2010 was a big reason Obamacare became law. Now that unity is fading, creating a key divide in the Democratic campaign.

In this passage, Cohn talks about the things that Bernie Sanders might do as President that fall short of his goal of “single payer” health care (I put that in quotes because what we’re really talking about is government paid health insurance – as providers pull out of exchanges in Obamacare we’re actually moving closer to a much more alarming sort of single payer model).

He suggests that President Bernie, brought to earth by a reality of which, his critics suggest, he is woefully unaware right now, might set up the government as a competitor to private insurers within the Obamacare structure. Cohn then moves from that possibility (which I would suggest would be remote except for some realities about Obamacare as enacted) to saying “liberal policy wonks” know that Obamacare was a struggle and they know how hard it was to get even what we got (Bernie, who was in the Senate fighting to make Obamacare better at the time, apparently is too senile to remember all this, I guess).

As a reminder, one reason both the public option and Medicare buy-in were opposed by some Democratic Senators (and especially insurance state Independent Joe Lieberman, whom Bill Clinton had a big hand in getting reelected in 2006), meaning we couldn’t even pass it with a supermajority, is because they would make it too easy to move towards single payer. The idea was private companies could not compete, and so would slowly lose most exchange business to the government.

Now, if I were someone pushing for the improvement of healthcare delivery in this country, I’d say, “wow, if Bernie could pull off Medicare buy-in, that’d get us closer to single payer! That’d be a huge win!” I also might consider ways that true Medicare buy-in (rather than just gradually lowering the age at which you could buy in) might address some of the problems with cost sustainability with Medicare. I’d further applaud that getting more people into Medicare would expose more people to

the innovations in delivery tied to it (one of the two best things about Obamacare), and therefore would move delivery as a whole down that path.

In short, I'd be applauding.

But Cohn doesn't do that.

Instead, he decries what he calls a split between "wonks" and "activists."

Can someone please define what those words mean for me? Can you explain how a man who has spent a decade writing about ways to improve health insurance and even sometimes healthcare, as Cohn has, is not an activist of sorts? Has he just been writing for a paycheck all these years?

Don't get me wrong. I consider Cohn an expert in the subject, unlike some other people who get included in Paul Krugman's club of wonks. I respect much of what he writes. And I have no doubt that he has become an expert on this topic because he'd like to improve a shitty system.

But setting up a dichotomy between "wonks" ("yes, I am one of those wonks," Cohn says elsewhere) and "activists" is an insidious way of saying "some of the people who work on this issue are not as smart as me." Would anyone suggest such a thing about insurance company lobbyists, who are themselves "activists"? Nope. They're just experts who use different methods to press for their desired outcome. But somehow people who lobby and organize on the *other* side are presumed to be unicorn sniffing half-wits.

Calling oneself a wonk is also an easy way absolve oneself of examining what function wonk-solding plays – a way to pretend one is delivering just unmediated rationality and not an argument designed to bring about some outcome. Here, the desired outcome seems to be the restoration of unity between those deemed "activists" and those deemed "wonks." But not just to restore unity, mind you, but to restore unity by getting "activists" to be satisfied with what "wonks" tell them is realistic.

In other words, it's a plea from one kind of activist for another kind of activist to fall back in line behind the policies the first kind of activist espouses, and, especially, to stop suggesting Obamacare (and, frankly, a whole bunch of other policies enacted by Obama and defended by Hillary Clinton, as well as some foreign policy ones that go beyond what Obama has done) isn't an adequate solution.

So let's go back to what else Cohn says. First, he explains why (unnamed) "liberals sympathetic" to government insurance consider it unrealistic by warning that *even trying* to move towards government insurance will "produce a major public backlash."

Even many liberals sympathetic to the idea have said that Sanders' scheme is simply not realistic. They worry that trying to push through another comprehensive health care package so soon after the Affordable Care Act's tumultuous enactment would produce a major public backlash.

Note what Cohn has done here (besides putting his own argument in the mouths of unnamed anonymous liberals). In the rest of his piece, Cohn suggests that achieving government insurance is unrealistic. Fair enough – in a four year term it may well be. But here, he somehow ties what might fairly be considered the impossibility of actually *achieving* it with the specter of "major public backlash" if someone even tries.

I'm not sure if Cohn has noticed, but there is an ongoing major public backlash already. It was so bad in 2010 that it made predictable off year congressional losses far worse than they might have been. Much of that backlash is just Republican posturing. But not all of it. Some of the backlash comes from legitimate complaints about Obamacare: the government botched the original sign up, people actually weren't able to keep their insurance plans, their selection

of doctors has gone down, people are being forced to buy shitty insurance they can't afford that won't even make care affordable. Some of the backlash is unjustified, but some of it actually is justified.

But Cohn says we can't talk about moving to government insurance because if so it will ... cause what is already happening to continue happening? Or perhaps because it will legitimize some of the legitimate critiques of the Obamacare that activists like Cohn pushed back in 2009? Is that it? We can't even *talk* about government insurance because doing so would bring people like Cohn in for some criticism?

Finally, here's the line from the debate that Cohn frames this entire discussion around, where Hillary attacked Bernie's plan because it would impose a \$2,300 tax on the working poor.

But during the debate she also made another claim: That under the Sanders plan, some low-income people now on Medicaid would be much worse off. "A working woman on Medicaid who already has health insurance would be expected to pay about \$2,300," Clinton said.

[snip]

Here's why. If the federal government is going to provide everybody with health insurance, then it must raise enough money to pay for those benefits. To do this, Sanders has said, he'd create a new payroll tax, equal to 8.9 percent of wages. In theory, employees would pay only a portion of that, with employers covering the majority. In reality, economists say, the employer share also comes out of workers' paychecks, if not right away then over time.

[snip]

An 8.9 percent payroll tax would work out to a new payroll tax burden of \$2,314 — just as Clinton said.

Today, by contrast, you'd be getting Medicaid without having to pay any new taxes. The money for the program comes out of general revenue and if you're one of the newly eligible folks, then the money is coming almost entirely from taxes that fall on the wealthy and on corporations in the health care industry.

Now, "wonks" love to criticize Bernie for promising things he can't deliver. But note what Cohn has done in this last paragraph: under Obamacare this working poor mother of two gets health insurance "without having to pay any new taxes." Her health insurance "comes out of general revenue" which comes from "taxes that fall on the wealthy and on corporations in the health care industry."

I think Cohn *means* to suggest that the revenue passed under Obamacare fall on the wealthy and corporations. He surely doesn't mean that general revenue funds generally come from taxes that fall on the wealthy and corporations, because many rich people and corporations actually don't pay income taxes. Indeed, it's all that we can manage to keep corporations – some of them the health care ones Cohn says pay for all this – paying any taxes at all. What he really means is the taxes that pay for Medicaid come largely from the affluent and middle class taxes and even borrowing. That single mom likely still isn't paying for her own Medicaid, but it's not actually rich corporations that are doing so.

But even if Cohn meant only to refer to the planned funding method for Obamacare, his claim is problematic. That's because one of the taxes targeting the industry, on medical devices, has already been suspended. Another tax that Obamacare boosters liked to pretend will only affect the wealthy, the Cadillac tax, will actually affect more people than that, including unions (which is why Hillary has promised to scrap it, as has Bernie). Plus, the Cadillac tax

boosters sold it with a claim that workers wages would go up after their companies cut their health insurance. Those claims always seemed like fantasy – at least to me and actual experts like Larry Mishel, the latter of whom was pretty much ignored by the “wonks” during the debate. In the last six years that has become even more clear.

This is important: In a key fight about funding during Obamacare, the “wonks” promised workers (especially union workers) a wage increase, but evidence now strongly suggests it would lead instead to a wage cut. Yet those same “wonks” (though Cohn wasn’t one of the more obnoxious Cadillac tax defenders) are now scolding Bernie about the realism of his claims. Why should we listen to the “wonks” when they too promised illusory unicorns?

Finally, though, I want to look at the premise of Hillary’s attack, that Bernie’s plan would be bad because it would impose an 8.9% tax on a working poor woman. Cohn admits that’s surely something Bernie would fix before implementation, but he apparently finds the criticism legitimate because “doing so would require new trade-offs.” Trade-offs like those that continue to need to be made on Obamacare to make up for the medical device and Cadillac tax, I’d respond.

But here’s the other thing about that 8.9% tax. I absolutely agree that an 8.9% tax on the working poor in exchange for health insurance would be steep. But let’s consider what Obamacare is for a segment of the middle class that are forced to buy insurance – spending up to 13% of their income – that they can’t use. Sure, it will minimize but by no means eliminate the problem of medically related financial crisis in the case of a catastrophe. But the rest of the time, it functions as a tax, a payment necessitated under this scheme to make care accessible for others. One that – unlike that poor woman who’d pay \$2,300 if Bernie’s implementation of single payer somehow didn’t

fix things along the way – wouldn't necessarily provide care in response. (Note, in reality, 22% of Medicaid recipients also can't afford to use their insurance, though unlike the general number of underinsured, that's a number that Obamacare has improved.)

Now, we knew this was going to be a problem, though the "wonks" generally didn't like to talk about it during the debate (though Cohn is actually one who did admit it at least once in response to me raising it), because somewhere between 16 and 21% of people in Massachusetts couldn't afford to use their RomneyCare. Hillary has suggested she'd throw more money at the problem (and, ultimately, insurers) to address the problem, but she hasn't actually explained what trade-offs she'd make to achieve that. Again, it seems okay for Hillary to remain silent about the trade-offs she'd have to make whereas when Bernie does he's a fantasist.

Partly, though, Obamacare is *designed* to underinsure people, because there's a belief that unless people feel the sting of obtaining care, they'll get too much of it. "Bending the cost curve" under Obamacare is largely driven by increasing the costs of actually using insurance to the end user as opposed to, say, eliminating the many layers of private profit that doesn't actually improve health care but makes it expensive.

In truth, the people the "wonks" deem "activists" aren't actually stupid, or naive, or unicorn herders. Some of them are actually experts of longer standing than those writing in favor of Obamacare. Rather, they disagree about what acceptable costs are, as well as about whether it makes sense to continue pointing out that the US has an unbelievably ineffective healthcare delivery system with terrible outcomes that not only is immoral, but saddles our economy with a burden that other developed countries don't have, making us less competitive in any industry not driven by this exorbitant spending. Yes, there is also a



difference of opinion about whether it is more effective “activism” to set the goal where everyone agrees it should be – providing actual health care – or to instead set more moderate goals that also have the effect of naturalizing a particular ideology. But ultimately there is a real debate about policy here, and rather than use “activists” to continue to set the bar on the most efficient way to provide the best health care, a lot of those close to Hillary would prefer they just shut up.

Update: First, Cohn has corrected his piece to note that the single mom he discusses would actually pay \$1,600, and that it would actually come from her employer.

Dean Baker (another expert often ignored during these debates) not only reminds that if Bernie were able to pass both his single payer and his \$15 minimum wage proposals, the single mom would be better off overall (and he used Cohn’s uncorrected number). He also provides the equivalent example to the one Cohn offers, to note (as I did) that Obamacare requires some people to pay for insurance they won’t use.

Let’s take the case of a young African American woman just out of college, with \$30,000 in debt. Let’s suppose this woman has an income of \$35,000 a year. Let’s say she is in excellent health and from a family of people enjoying excellent health. In the pre-Obamacare days she might have opted to either buy one of the low-cost catastrophic plans that is no longer available under the ACA, or go without insurance altogether.

Under the ACA, this young woman will be expected to pay roughly 8 percent of her income, or \$2,800 a year, for health insurance that she does not want. Should we feel bad about this young woman struggling to meet a large debt burden, while working at a low-paying job and now being forced to buy insurance?

Well, that is a bad story and there are many like them. But many of the same policy wonks who have endlessly highlighted the plight of the Medicaid mother under the Sanders plan (I have seen it featured as a news article in the Washington Post and also as a topic of numerous columns and editorials), have been content to largely ignore the plight of young people struggling to pay their ACA premiums. At least they don't see it as a basis for rejecting the Affordable Care Act.