



# The Falsehoods of Obamacare

A Dozen Broken Promises, Seven Million Canceled Plans, and  
Hundreds of Billions in Debt

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## ABOUT THE AUTHORS

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## EXECUTIVE SUMMARY

The Affordable Care Act (ACA<sup>1</sup>) was jammed through Congress in 2010 with several enticing promises. Fourteen years later, we look back at the very different real-world results:

- At least a dozen significant promises were broken.
- The ACA was supposed to “bend the cost curve” downward, but health care costs increased instead. Premiums for individual market plans doubled.
- Although touted as a means of reducing the deficit, the ACA has added hundreds of billions to cumulative deficits and is a significant contributor to the growing national debt.
- The most famous broken promise was that people would not lose preferred insurance plans and doctors. Seven million consumers had their plans canceled already by the end of 2013.
- Medicaid was supposed to be the cheaper way of expanding insurance coverage. In the real world, the per enrollee cost of Medicaid expansion is nearly 60 percent greater than what experts projected.

This report provides details on these and eight other broken promises regarding life expectancy, emergency room usage, enrollment of unauthorized immigrants, and more.

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<sup>1</sup> We use *Affordable Care Act*, *ACA*, and *Obamacare* to refer to the Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010.



## *Promise*

## *Result*

The ACA would help cut the deficit, including its student loan provisions.

The ACA has significantly added to the federal debt, including costly student loan losses.

The ACA would “bend the cost curve,” saving \$2,500 per family.

Individual market premiums nearly doubled from 2013 to 2017. The primary ACA provision for bending the curve, the “Cadillac tax,” never went into effect.

The ACA would save lives.

Life expectancy fell three consecutive years for the first time in nearly 100 years.

The ACA would be a program only for U.S. citizens.

By 2024, many unauthorized immigrants would be enrolled in subsidized ACA plans.

The ACA would take the stress out of shopping for health insurance.

The ACA portal was one of the most notoriously unreliable websites ever launched.

Penalties on employers that fail to provide coverage would provide massive revenue.

Actual collections are less than 5 percent of what was projected.

The ACA would increase economic growth.

The ACA resulted in smaller businesses, fewer full-time jobs, and significant disincentives to work.

Medicaid would be an efficient way to increase coverage.

The ACA’s Medicaid expansion is far more expensive than projected.

If you liked your plan and doctor, you would be able to keep them.

Millions of people had their plans canceled and lost access to their doctors.

The individual market would become a competitive, robust marketplace.

Enrollment was less than half of expectations, with higher premiums and deductibles and more restrictive provider networks than expected through 2020.

The ACA would decrease emergency department use as newly insured individuals would finally have a normal place of care.

The ACA, particularly Medicaid expansion, caused emergency room use to soar, particularly for non-emergency services.

The ACA would end abuses by health insurance companies.

The ACA has been a gift for health insurers with its massive government subsidies.

## *Promise*

**The ACA would help cut the deficit, in part by restructuring student loans.**

## *Result*

President Obama pledged that he would not sign legislation that would add a dime to the federal deficit. He called the ACA “deficit-reducing health care reform” that would be “saving over \$200 billion over 10 years and more than \$1 trillion in the second decade.”<sup>2</sup> President Obama doubled down in 2015, insisting that the ACA is not a “budget buster.”<sup>3</sup>

There were four large projected savers: (1) large Medicare spending reductions, (2) large new taxes and higher existing taxes, (3) budget gimmicks such as the CLASS program, and (4) student loan provisions.

Of the four, the large Medicare spending reductions have persisted — both reductions in payments for Medicare Advantage plans and reductions in hospitals’ productivity adjustments.

Most of the significant tax increases have been repealed, typically in large bipartisan votes. This includes the health insurance tax, the Cadillac tax, the medical device tax, and the individual mandate tax. Moreover, the employer mandate tax penalty is collecting only about 5 percent of what was expected.

There are two major ACA taxes that remain: the net investment tax and the Medicare tax. The net investment tax is a 3.8 percent tax on net investment income, and the Medicare tax is a 0.9 percent charge that applies to all wages and self-employment income over \$200,000 for individuals and \$250,000 for married couples.

There were also several budgetary gimmicks in the ACA, including the Community Living Assistance and Support Services (CLASS) Program — a voluntary long-term care program designed to have years of collections before any payments would go out.<sup>4</sup> Although the program was poorly designed, it was scored as having budget savings. One year after the ACA passed, Secretary of Health and Human Services Kathleen Sebelius announced that the administration would not implement CLASS. The next year, Congress repealed it.

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2 The White House (Obama), “Deficit-Reducing Health Care Reform,” <https://obamawhitehouse.archives.gov/economy/reform/deficit-reducing-health-care-reform>.

3 Jason Furman, “The Economic Benefits of the Affordable Care Act,” the White House (Obama), April 2, 2015, <https://obamawhitehouse.archives.gov/blog/2015/04/02/economic-benefits-affordable-care-act>.

4 Brian Blase and John S. Hoff, “Secretary Sebelius Cannot Fix CLASS,” Heritage Foundation, March 16, 2011, <https://www.heritage.org/health-care-reform/report/secretary-sebelius-cannot-fix-class>.

The ACA's pay-fors included student loan provisions. Accepting the premise that a government-administrated loan program would be cheaper than its private sector predecessor, the Congressional Budget Office (CBO) projected that federal student loan programs would “reduce direct spending in the federal student loan programs by ... \$58 billion over the 2010-2019 period.”<sup>5</sup> Already by 2019, CBO acknowledged that in fact the federal loan programs created by the ACA would have losses of nearly \$32 billion.<sup>6</sup> Then came the Biden administration's mass forgiveness programs, which cost almost \$410 billion more, according to the American Enterprise Institute.<sup>7</sup> Nationalization of student lending, originally enacted as a revenue source, has now become a mechanism for a vast backdoor expansion of unpaid-for federal spending to subsidize higher education.

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- 5 Douglas Elmendorf, Director, CBO, letter to U.S. Speaker of the House Nancy Pelosi, March 20, 2010, <https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11379/amendreconprop.pdf>.
- 6 CBO, “Student Loan Programs: CBO's May 2019 Baseline,” [www.cbo.gov/system/files?file=2019-05/51310-2019-05-studentloan.pdf](http://www.cbo.gov/system/files?file=2019-05/51310-2019-05-studentloan.pdf); and Josh Mitchell, “The Long Road to the Student Debt Crisis,” *Wall Street Journal*, June 7, 2019, <https://www.wsj.com/articles/the-long-road-to-the-student-debt-crisis-11559923730>.
- 7 Nat Malkus, “Student Debt Forgiveness Tracker,” American Enterprise Institute, accessed August 26, 2024, <https://www.aei.org/studentdebtforgivenesstracker/>.

## *Promise*

The ACA would “bend the cost curve,” saving \$2,500 per family.

## *Result*

Because of its benefit mandates for insurance and its distortionary pricing rules, the ACA significantly increased individual market premiums, which more than doubled from 2013 to 2017.<sup>8</sup> Even FactCheck.org called this promise one of “Obama’s Whoppers.”<sup>9</sup> Moreover, plan deductibles soared while the number of hospitals and doctors accepting coverage declined.<sup>10</sup>

The main ACA component intended to put long-term downward pressure on premiums was the “Cadillac tax,” an excise tax on high-cost employer-sponsored health plans. The tax is why experts such as David M. Cutler forecast that the ACA would “help curtail the growth of private health insurance premiums.”<sup>11</sup> But the political will for implementing the tax was always weak. The initial legislation delayed the tax eight years. Legislation in both 2015 and 2018 delayed it for several years more. Congress repealed the Cadillac tax in 2019.

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- 8 Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, “Individual Market Premium Changes: 2013-2017,” May 23, 2017, <https://aspe.hhs.gov/sites/default/files/private/pdf/256751/IndividualMarketPremiumChanges.pdf>.
- 9 Eugene Kiely, “Obama’s Whoppers,” FactCheck.org, January 18, 2017, <https://www.factcheck.org/2017/01/obamas-whoppers/>.
- 10 Daniel Cruz and Greg Fann, “It’s Not Just the Prices: ACA Plans Have Declined in Quality Over the Past Decade,” Paragon Health Institute, September 2024, [https://paragoninstitute.org/wp-content/uploads/2024/09/Its-Not-Just-the-Prices\\_Dan-Cruz\\_Greg\\_Fann\\_FOR-RELEASE\\_V1.pdf](https://paragoninstitute.org/wp-content/uploads/2024/09/Its-Not-Just-the-Prices_Dan-Cruz_Greg_Fann_FOR-RELEASE_V1.pdf); and Edmund Haislmaier, “2017 Health Insurance Enrollment: Little Net Change, but Large Drop in Non-Group Coverage,” Heritage Foundation, October 20, 2018, <https://www.heritage.org/health-care-reform/report/2017-health-insurance-enrollment-little-net-change-large-drop-non-group>.
- 11 Center on Budget and Policy Priorities, “Health Policy Experts’ Statement About Excise Tax on High-Cost Plans,” <https://www.cbpp.org/cadillac-tax-letter>.



## Promise

The ACA would save lives.

## Result

As the ACA's key provisions took effect in 2014, life expectancy fell three consecutive years for the first time in nearly 100 years.<sup>12</sup>

President Obama promised that the ACA would “save lives” and “reduce injuries.”<sup>13</sup> Democrats in Congress touted a “Harvard study” concluding that 45,000 excess deaths occurred annually among persons ages 17-64 due to lack of health insurance.<sup>14</sup> Preventing that many nonelderly deaths would noticeably increase life expectancy.<sup>15</sup>

Figure 1 shows that life expectancy did not increase after 2014, which is when the ACA began enrolling the uninsured into health insurance plans. Instead, after increasing an average of 1.5 years per decade before 2014, life expectancy declined from 2014 through 2017. Life expectancy worsened in states that adopted the ACA Medicaid expansion from 2014 to 2017 relative to states that did not adopt the expansion.<sup>16</sup>

By now, it is well known that the opioid epidemic (categorized on death certificates as a type of “injury”) began to slow the growth of life expectancy after 2008 and turned the trend negative after 2014 as illicit fentanyl flooded U.S. markets. While focused on touting and implementing the ACA, the Obama administration and Congress failed to notice this leading driver of reduced life expectancy.<sup>17</sup>

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12 Uptin Saiidi, “US Life Expectancy Has Been Declining. Here's Why,” *CNBC*, July 9, 2019, <https://www.cnn.com/2019/07/09/us-life-expectancy-has-been-declining-heres-why.html>.

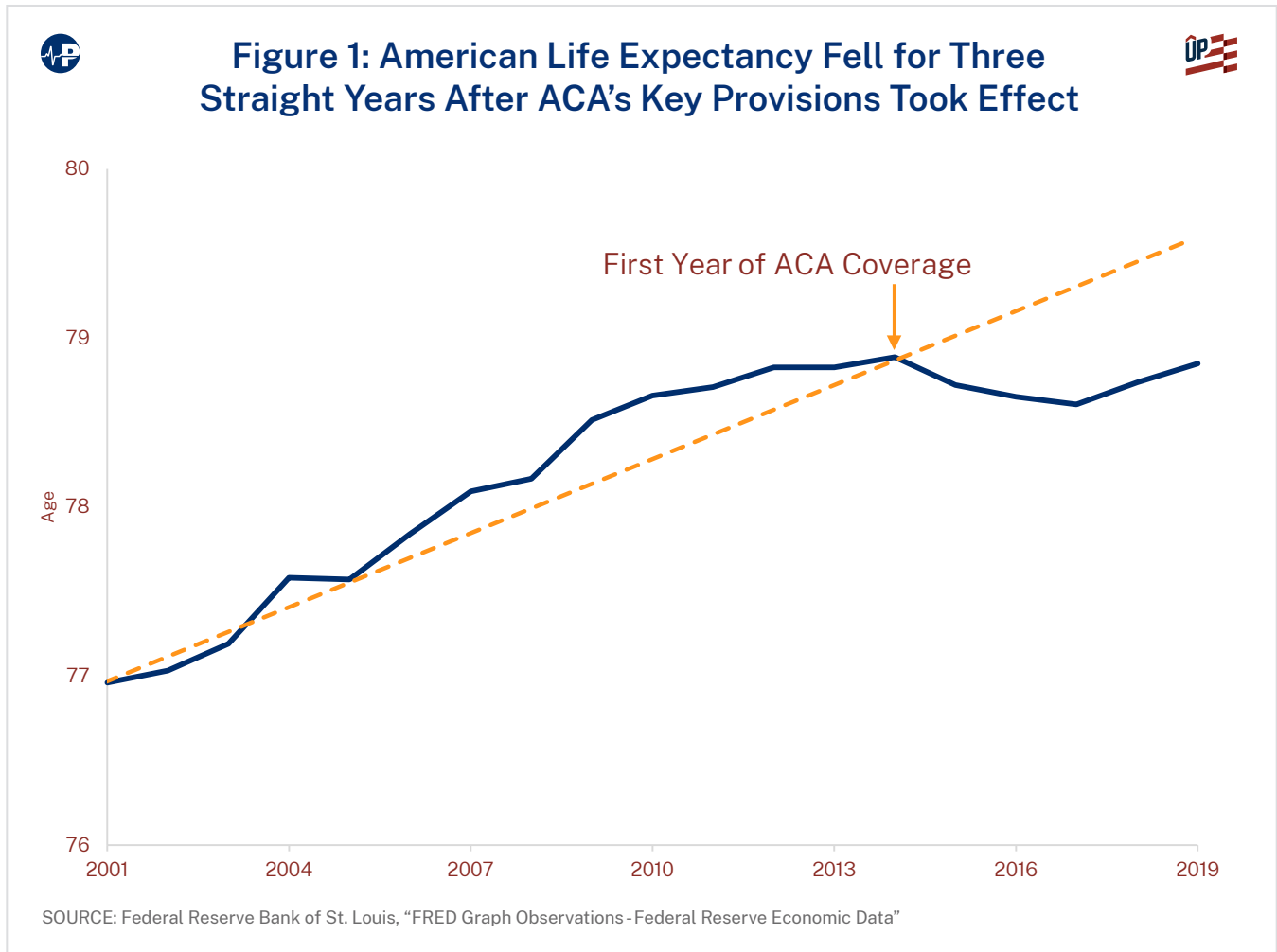
13 The White House (Obama), “Deficit-Reducing Health Care Reform.”

14 *Examining the Employment Effects of the Affordable Care Act: Hearing before the Joint Economic Committee*, 114<sup>th</sup> Cong., 1<sup>st</sup> Sess., June 3, 2015, <https://www.govinfo.gov/content/pkg/CHRG-114jhr95253/pdf/CHRG-114jhr95253.pdf>; 160 Cong. Rec. H2993 (2014), <https://www.congress.gov/113/crec/2014/04/08/CREC-2014-04-08.pdf>; Andrew P. Wilper et al., “Health Insurance and Mortality in US Adults,” *American Journal of Public Health* 99, no. 12 (December 2009), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2775760/>.

15 In 2013, the average age of death among those ages 17-64, which is the age group featured in the “Harvard study,” was 21.7 years below the overall average. Because total deaths were 2.6 million, reducing the number of such deaths by 45,000 would increase the overall age of death by 0.4 years. In terms of the chart, that corresponds to an actual life expectancy series that jumps about three years ahead of its previous trend. Instead, it fell five years behind — even before the pandemic.

16 Brian Blase and David Balat, “Is Medicaid Expansion Worth It? A Review of the Evidence Suggests Targeted Programs Represent Better Policy,” Texas Public Policy Foundation, April 2020, <https://www.texaspolicy.com/wp-content/uploads/2020/04/Blase-Balat-Medicaid-Expansion.pdf>.

17 The annual Economic Report of the President dates to 1947, but it never mentioned opioids or heroin until 2018, which was President Trump's first report. Mulligan further documents the absence of opioids during 2009-2016 from the Federal Register and the Congressional Record, which are the daily publications of the executive and legislative branches, respectively. See Casey B. Mulligan, *You're Hired!: Untold Successes and Failures of a Populist President* (Washington: Republic Book Publishers, 2020), ch. 4, <http://yourehiredtrump.com>.



The ACA itself included provisions that helped fuel the opioid epidemic, although likely to a lesser degree than prescription subsidies<sup>18</sup> through Medicare Part D and the Obama-Holder late-2013 change in criminal sentencing policy.<sup>19</sup>

<sup>18</sup> Council of Economic Advisers, *The Role of Opioid Prices in the Evolving Opioid Crisis*, April 2019, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/04/The-Role-of-Opioid-Prices-in-the-Evolving-Opioid-Crisis.pdf>.

<sup>19</sup> The ACA linked hospital reimbursement to “pain management” and also required coverage of benzodiazepines. In August 2013, Attorney General Eric Holder issued his famous “Holder Memo” directing the Justice Department to stop prosecuting nonviolent drug crimes. The memo can be found at <https://www.justice.gov/sites/default/files/oip/legacy/2014/07/23/ag-memo-department-policy-on-charging-mandatory-minimum-sentences-recidivist-enhancements-in-certain-drugcases.pdf>.

## *Promise*

**The ACA would be a program only for U.S. citizens.**

## *Result*

By 2024, many unauthorized immigrants would be enrolled in subsidized ACA exchange plans.

President Obama addressed a joint session of Congress in 2009 and said that “there are also those who claim that our reform effort will insure illegal immigrants. This, too, is false — the reforms I’m proposing would not apply to those who are here illegally.”<sup>20</sup> In a break with decorum, Congressman Joe Wilson (R-SC) shouted, “You lie!”<sup>21</sup>

Mr. Wilson is now correct. While the ACA continues to limit ACA insurance subsidies to those “lawfully present,” the Biden administration now interprets that to include persons who immigrated illegally as children (“DACA recipients”).<sup>22</sup>

Furthermore, the ACA statute has proven to be a mere recommendation for who receives subsidies. Enrollment fraud is so rampant that in some states the number of people receiving extremely large subsidies in low-income categories exceeds the number of eligible people in that category.<sup>23</sup> By the nature of the fraud, unlawful subsidy recipients do not report who they are or why they are ineligible. Presumably some of them are ineligible because they do not meet the “lawfully present” requirement.

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20 President Barack Obama, “Remarks by the President to a Joint Session of Congress on Health Care,” September 9, 2009, <https://obamawhitehouse.archives.gov/the-press-office/remarks-president-a-joint-session-congress-health-care>.

21 Ted Cruz (@tedcruz), “Democrats lied to the American people when they said Obamacare wouldn’t be used for illegal aliens. Now you’re paying the bill for that lie,” X, May 3, 2024, <https://x.com/tedcruz/status/1786500978742575397>.

22 The White House (Biden), “Fact Sheet: Biden–Harris Administration Expands Health Coverage to DACA Recipients,” May 3, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/03/fact-sheet-biden-harris-administration-expands-health-coverage-to-daca-recipients/>.

23 Brian Blase and Drew Gonshorowski, “The Great Obamacare Enrollment Fraud,” Paragon Health Institute, June 2024, <https://paragoninstitute.org/private-health/the-great-obamacare-enrollment-fraud/>.

## *Promise*

**The ACA would take the stress out of shopping for health insurance.**

## *Result*

The ACA portal was one of the most notoriously unreliable websites ever launched.

Now, this is real simple. It's a website where you can compare and purchase affordable health insurance plans, side-by-side, the same way you shop for a plane ticket on Kayak ... same way you shop for a TV on Amazon. — Barack Obama, September 26, 2013.<sup>24</sup>

Within hours of its launch on October 1, 2013, the ACA website experienced major issues.<sup>25</sup> It crashed within two hours due to high traffic. On the first day, only six people successfully completed enrollment and selected health insurance plans through the website.<sup>26</sup> The Obama administration launched the website without proper build and without proper testing, and it took nearly two months after launch for it to become functional for enrollment. Importantly, the back end of the website, which was supposed to verify information and ensure program integrity, was left unfinished. The initial website budget of \$93.7 million ballooned to an ultimate cost of \$1.7 billion due to the extensive fixes required.<sup>27</sup> In 2024, as a result of expanded subsidies and Biden administration mismanagement, hundreds of thousands, if not millions, of people have been enrolled in exchange plans without their consent or switched from plans they selected to other plans without their consent.<sup>28</sup>

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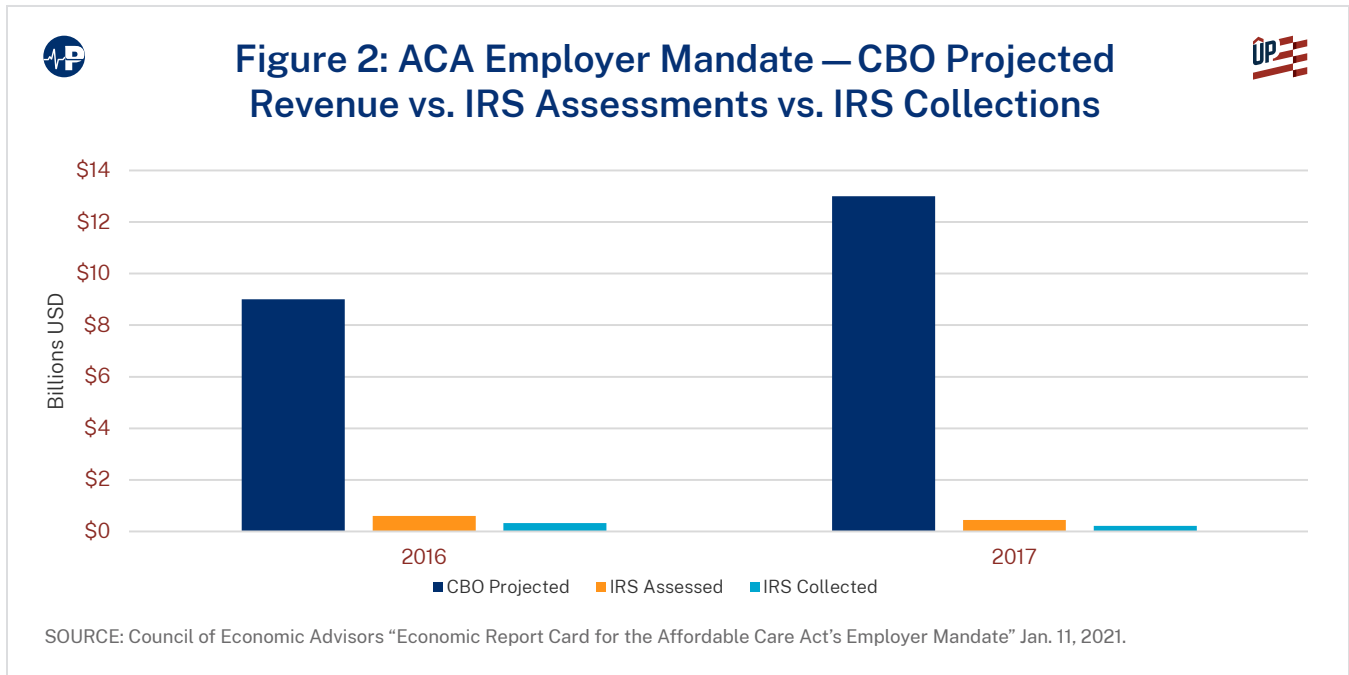
24 The White House (Obama), "Remarks by the President on the Affordable Care Act," September 26, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/09/26/remarks-president-affordable-care-act>.

25 Amy Goldstein, "HHS Failed to Heed Many Warnings That HealthCare.gov Was in Trouble," *Washington Post*, February 23, 2016, [https://www.washingtonpost.com/national/health-science/hhs-failed-to-heed-many-warnings-that-healthcaregov-was-in-trouble/2016/02/22/dd344e7c-d67e-11e5-9823-02b905009f99\\_story.html](https://www.washingtonpost.com/national/health-science/hhs-failed-to-heed-many-warnings-that-healthcaregov-was-in-trouble/2016/02/22/dd344e7c-d67e-11e5-9823-02b905009f99_story.html).

26 Devin Dwyer, "Memo Reveals Only 6 People Signed Up for Obamacare on First Day," *ABC News*, November 1, 2013, <http://abcnews.go.com/blogs/politics/2013/10/memo-reveals-only-6-people-signed-up-for-obamacare-on-first-day>.

27 Harvard Business School Digital Initiative, "The Failed Launch of www.HealthCare.gov," November 18, 2016, <https://d3.harvard.edu/platform-rctom/submission/the-failed-launch-of-www-healthcare-gov/>.

28 Blase and Gonshorowski, "The Great Obamacare Enrollment Fraud."



## *Promise*

**Penalties on employers that fail to provide health insurance would provide significant revenue.**

## *Result*

Actual collections are a minuscule fraction of what was projected.

Under the employer mandate, businesses with 50 or more full-time-equivalent employees are liable for penalties if either they fail to offer health insurance or any of their full-time employees qualify for subsidized coverage on the health insurance exchanges and did not receive offers of affordable coverage from their employers. Actual penalty collections by the Internal Revenue Service (IRS) have been far below CBO projections.

Eleven years after the ACA was passed, the White House Council of Economic Advisers found that the IRS had collected only about 1 percent of the projected revenue from the employer mandate penalty.<sup>29</sup> These results are shown in Figure 2, comparing CBO revenue projections with actual collections. For example, CBO projected \$9 billion in revenue for 2016, but the IRS assessed only \$0.42 billion and only collected \$0.14 billion.

<sup>29</sup> Council of Economic Advisers, “Economic Report Card for the Affordable Care Act’s Employer Mandate,” January 11, 2021, <https://trumpwhitehouse.archives.gov/articles/economic-report-card-affordable-care-acts-employer-mandate/>.



## *Promise*

**The ACA would increase economic growth.**

## *Result*

The ACA has resulted in smaller businesses, fewer full-time jobs, and significant disincentives to work.

President Obama asserted, “You’re not going to meet an economist who says that [repealing the ACA is] a number-one priority in terms of boosting growth and jobs in this country — at least not a serious economist.”<sup>30</sup>

His chairman of the Council of Economic Advisers, Jason Furman, promised substantial economic benefits from the law including “Healthier, more productive workers,” “Reduced ‘job lock,’” and “Better macroeconomic performance.”<sup>31</sup>

The ACA, however, was designed to penalize “large” employers if they did not provide health insurance. At least as long as the ACA was expected to do so (see the previous broken promise), employers were incentivized to both reduce employment to avoid being designated as “large” and to shift workers from full-time to part-time.

A 2020 research article concluded that “the ACA increased low-hours, involuntary part-time employment by 500,000-700,000 workers in retail, accommodations, and food services.”<sup>32</sup> Figure 3 below shows a spike in the propensity of employers to keep their employment below the ACA threshold for “large.” As expected, this effect waned over time when it became clear that enforcement of the mandate would be so weak.

In addition to disincentivizing some employers from expanding their workforce, the ACA also discourages workers from taking and continuing full-time positions as the subsidies for health exchange plans decrease as household income increases. CBO acknowledged this additional disincentive in its 2014 report.<sup>33</sup>

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30 Joseph Rago, “The Economist Who Exposed ObamaCare,” *Wall Street Journal*, February 7, 2014, <https://www.wsj.com/articles/SB10001424052702304680904579367143880532248>.

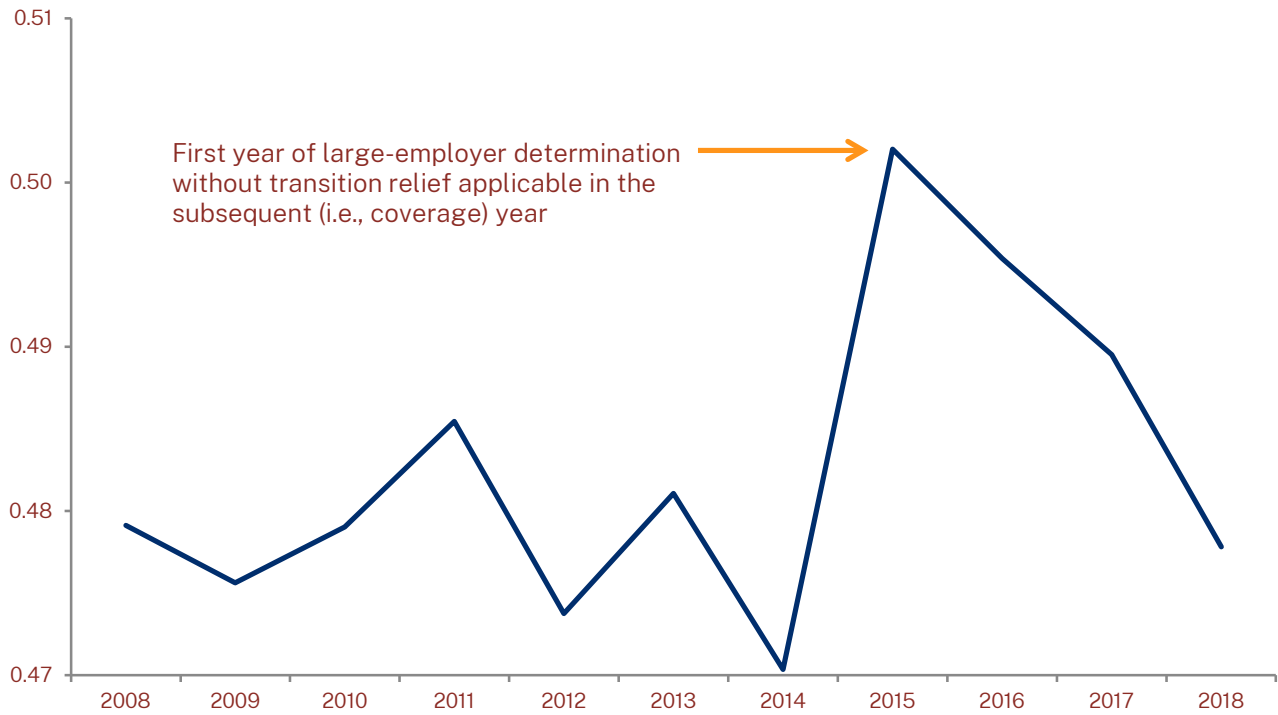
31 Furman, “The Economic Benefits of the Affordable Care Act.”

32 Marcus Dillender, Carolyn Heinrich, and Susan Houseman, “Effects of the Affordable Care Act on Part-Time Employment: Early Evidence,” *Journal of Human Resources* 57, no. 4 (July 2022), <https://doi.org/10.3368/jhr.57.4.0718-9623R2>.

33 CBO, “Labor Market Effects of the Affordable Care Act: Updated Estimates,” in *The Budget and Economic Outlook: 2014 to 2024*, February 2014, <https://www.cbo.gov/sites/default/files/cbofiles/attachments/45010-breakout-AppendixC.pdf>.



### Figure 3: Employees in Firms with 25-49 Employees as a Share of Employees in Firms with 25-99 Employees



SOURCE: Casey B. Mulligan, "The Employer Penalty, Voluntary Compliance, and the Size Distribution of Firms: Evidence from a Survey of Small Businesses," *Tax Policy and the Economy* 34 (2020), <https://www.journals.uchicago.edu/doi/full/10.1086/708173>.

NOTE: Private sector insurance-employer component of the Medical Expenditure Panel Survey; full-time and part-time counted equally.

## *Promise*

**Medicaid would be an efficient way to increase coverage.**

## *Result*

The ACA's Medicaid expansion is extremely expensive, with a much greater cost per enrollee than expected.

This policy is consistent with the original intent of Medicaid, and it is the quickest and most cost-effective way to cover every American living in poverty. — Senator Max Baucus (D-MT), November 12, 2008.<sup>34</sup>

According to John McDonough, who documented the ACA enactment efforts and was a top Senate staffer at the time, CBO “estimated much higher costs to cover individuals through an exchange rather than Medicaid because the latter pays medical providers much less than private insurers can get away with and because Medicaid administrative costs are much lower.”<sup>35</sup>

The ACA had two components of its coverage expansion: Medicaid and the heavily subsidized exchanges. The ACA expanded Medicaid to able-bodied, working-age adults with income below 138 percent of the federal poverty level (FPL) and made income-related subsidies available to people with income above 138 percent FPL (100 percent FPL in non-Medicaid-expansion states) and below 400 percent FPL to buy coverage in the exchanges. The authors of the ACA repeatedly went back and forth with CBO to meet coverage and cost goals. CBO's methodology, which turned out to be deeply flawed, is the reason that President Obama abandoned his pledge not to include an individual mandate tax penalty, because CBO estimated that the individual mandate would cause many people to enroll in plans who would not need subsidies to do so — thus, more coverage with less cost. The reason that the ACA split the coverage expansion into a Medicaid component (given that Medicaid plans typically cover far fewer providers) and the private exchanges is that, per CBO, it would have been much more expensive to cover lower-income Americans with subsidized plans in the exchanges than with Medicaid.

The vast majority of the people who gained coverage because of the ACA enrolled in Medicaid, causing a scholar at the Brookings Institution to refer to the ACA as the “Medicaid

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34 U.S. Senate Finance Committee, “Finance Chairman Baucus Unveils Blueprint for Comprehensive Health Care Reform,” November 12, 2008, <https://www.finance.senate.gov/chairmans-news/finance-chairman-baucus-unveils-blueprint-for-comprehensive-health-care-reform>.

35 John McDonough, *Inside National Health Reform* (Berkeley: University of California Press, 2011), 149.

Expansion Act.”<sup>36</sup> Sixty percent fewer people enrolled in the exchanges than CBO expected.<sup>37</sup> It turns out, however, that the Medicaid expansion has been an extremely costly – and inefficient – coverage expansion. The per enrollee cost of Medicaid expansion is nearly 60 percent greater than what experts projected, and on average the federal government is spending more on the per enrollee cost of Medicaid expansion than on exchange subsidies for the lowest-income consumers.<sup>38</sup>

Medicaid expansion has proven much more costly because CBO and other experts failed to anticipate how states would react to the high federal reimbursement rate to cover state costs for expansion enrollees. From 2014 to 2016, Washington paid the entire cost. After 2016, the rate gradually declined until it reached 90 percent in 2019, where it is scheduled to remain. Many states, under intense lobbying pressure from the health care industry, set very high payment rates for providers and capitated payment rates for insurers for expansion enrollees. These states essentially cross-subsidized lower rates for traditional Medicaid enrollees or state-only health plans with higher expansion payment rates.

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36 Stuart M. Butler, “The Future of the Affordable Care Act: Reassessment and Revision,” *JAMA Network*, August 2, 2016, <https://jamanetwork.com/journals/jama/fullarticle/2533696>.

37 Brian Blase, “The Disappointing Affordable Care Act,” *Forbes*, September 23, 2020, <https://www.forbes.com/sites/theapothecary/2020/09/23/the-disappointing-affordable-care-act/>.

38 Brian Blase and Drew Gonshorowski, “Medicaid Expansion Enrollees Cost Much More Than Expected,” <https://paragoninstitute.org/paragon-pic/medicaid-expansion-enrollees-cost-much-more-than-expected/>.

## *Promise*

**If you liked your plan and doctor, you would be able to keep them.**

## *Result*

Millions of people had their plans canceled and lost access to their doctors because their coverage did not meet the ACA's rules.

If you like your healthcare plan, you'll be able to keep your healthcare plan, period. No one will take it away, no matter what. — President Barack Obama, June 15, 2009.<sup>39</sup>

Perhaps the most famous statement during the selling of the ACA was “if you like your plan, you could keep it.” This statement was named Politifact’s Lie of the Year in 2013 as at least 7 million consumers saw their plans canceled in the fall of 2013 from the ACA.<sup>40</sup> The reason was that the plans did not comply with the ACA’s new mandates. In an interview with NBC’s Chuck Todd on November 7, 2013, President Obama apologized for misleading the American people and pledged to take action.<sup>41</sup> His administration then released a “grandmothered” plan policy, which allowed insurers to continue plans that were no longer in compliance. This extralegal action was too little, too late as millions of people had already lost their coverage.

Another wave of cancelations occurred in 2017 when the Obama administration — fearing that ACA plans would face too much competition — severely restricted short-term limited-duration plans.<sup>42</sup> This policy resulted in people facing hundreds of thousands of dollars in medical bills as their insurers were forced to cancel their coverage and they had no other options for coverage, as the ACA severely limits the periods when people can enroll in coverage.<sup>43</sup> The Trump administration expanded Americans’ access to short-term plans, but another wave of cancelations is expected for plan year 2025 due to recent Biden administration restrictions.

President Obama also declared that people would not lose their doctors under his legislation. However, that proved not to be the case either as a result of millions of people losing their health insurance plans. Moreover, insurers — in an attempt to keep premiums from rising even

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39 Glenn Kessler, “Obama’s Pledge That ‘No One Will Take Away’ Your Health Plan,” *Washington Post*, October 30, 2013, <https://www.washingtonpost.com/news/fact-checker/wp/2013/10/30/obamas-pledge-that-no-one-will-take-away-your-health-plan/>.

40 Dylan Byers, “Politifact ‘Lie of the Year’: ‘If You Like Your Healthcare Plan You Can Keep It,’” *Politico*, December 12, 2013, <https://www.politico.com/blogs/media/2013/12/politifact-lie-of-the-year-if-you-like-your-healthcare-plan-you-can-keep-it-179521>.

41 MSNBC, “Full Video: Chuck Todd Interviews President Obama,” November 7, 2013, <https://www.msnbc.com/the-daily-rundown/full-video-chuck-todd-interviews-obama-msna207966>.

42 Karen Pollitz et al., “Understanding Short-Term Limited Duration Health Insurance,” KFF, April 23, 2018, <https://www.kff.org/affordable-care-act/issue-brief/understanding-short-term-limited-duration-health-insurance/>.

43 Michael Cannon, “GAO Report Neglects to Mention the Cruelty of Limiting Short-Term Plans,” Cato Institute, June 2, 2022, <https://www.cato.org/blog/gao-report-neglects-mention-cruelty-limiting-short-term-plans>.



further — created very narrow network ACA plans.<sup>44</sup> These plans typically did not cover the best doctors and hospitals, leaving many people with coverage options devoid of their preferred providers.<sup>45</sup>

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- 44 Brittany La Couture, “Health Care Providers Are Opting-Out of Obamacare Exchange Plans,” American Action Forum, October 27, 2014, <https://www.americanactionforum.org/insight/health-care-providers-are-opting-out-of-obamacare-exchang-plans/>; Matthew Rae et al., “How Narrow or Broad Are ACA Marketplace Physician Networks?,” KFF, August 26, 2024, <https://www.kff.org/private-insurance/report/how-narrow-or-broad-are-aca-marketplace-physician-networks/>.
- 45 Kimberly Leonard, “Doctors, Hospitals Say ‘No’ to Obamacare Plans,” *U.S. News and World Report*, November 4, 2015, <https://www.usnews.com/news/articles/2015/11/04/doctors-hospitals-wont-accept-obamacare-marketplace-plans>; Julie Appleby, “The Big Squeeze: ACA Health Insurance Has Lots of Customers, Small Networks,” *NPR*, April 5, 2023, <https://www.npr.org/sections/health-shots/2023/04/05/1168088923/the-big-squeeze-aca-health-insurance-has-lots-of-customers-small-networks>.

## *Promise*

**The individual market would become a competitive, robust market.**

## *Result*

Only about 40 percent of expected enrollees signed up for the exchanges — with their higher premiums, higher deductibles, and provider networks that were more restrictive than expected through 2020. Enrollment surged in the past few years because of giant subsidy increases and lack of income verification for subsidies.

When selling the ACA, President Obama spoke about the benefits of a competitive individual insurance market.<sup>46</sup> Yet the ACA coverage proved unattractive, with only people who received large subsidies or those who expected to incur significant medical expenses buying plans to any significant degree. As mentioned above, the vast majority of coverage gains as a result of the ACA were through Medicaid expansion. The individual market was turned from an unsubsidized, lightly regulated market to one characterized by benefit mandates, pricing restrictions, and massive subsidies.

Exchange enrollment has increased substantially over the past three years because the subsidies were made even larger. As a result of the American Rescue Plan Act and the Inflation Reduction Act, the subsidies now cover the full amount of the benchmark plan premium — a 94 percent actuarial value plan — for people claiming income between 100 percent and 150 percent FPL. As a result of the subsidy expansion and lax income verification, a large amount of fraudulent enrollment has occurred. A Paragon study estimates that 4-5 million people were fraudulently enrolled in the exchanges in this income category in 2024, with associated fraudulent spending between \$15 billion and \$26 billion.<sup>47</sup> The subsidy expansion has created an environment where unscrupulous agents, brokers, and lead generators can earn significant revenue by manipulating or breaking the ACA rules, misstating applicant income to enroll them in coverage with subsidies for which they do not qualify, and enrolling people or switching their enrollment without their consent.<sup>48</sup>

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46 Obama, “Remarks by the President to a Joint Session of Congress on Health Care.”

47 Blase and Gonshorowski, “The Great Obamacare Enrollment Fraud.”

48 Brian Blase and Gabrielle Kalisz, “Unpacking the Great Obamacare Enrollment Fraud: How the Exchanges Became the Wild West,” Paragon Health Institute, August 2024, [https://paragoninstitute.org/wp-content/uploads/2024/08/Unpacking-The-Great-Obamacare-Enrollment-Fraud\\_FOR-RELEASE\\_V1.pdf](https://paragoninstitute.org/wp-content/uploads/2024/08/Unpacking-The-Great-Obamacare-Enrollment-Fraud_FOR-RELEASE_V1.pdf).

## *Promise*

**The ACA would decrease emergency department use as newly insured individuals would finally have a normal place of care.**

## *Result*

The ACA — particularly Medicaid expansion — caused emergency room use to soar, particularly for non-emergency services.

On March 3, 2010, a few weeks before the ACA passed Congress, President Obama said that “taxpayers currently end up subsidizing the uninsured when they’re forced to go to the emergency room for care.... You can’t get ... savings if those people are still going to the emergency room.”<sup>49</sup> A few months after passage of the law, then-Speaker of the House Nancy Pelosi said that “the uninsured will get coverage, no longer left to the emergency room for medical care.”<sup>50</sup>

The exact opposite has occurred. Numerous studies have demonstrated that Medicaid expansion has significantly increased the use of emergency departments, particularly for non-emergency care. This was a main result of Oregon’s Medicaid experiment.<sup>51</sup> A Brookings study found a 20 percent increase in hospital use for newly enrolled Medicaid recipients, with the increase primarily occurring through emergency room visits for conditions “treatable outside of the emergency department.”<sup>52</sup> Another analysis on Medicaid expansion in California found a significant increase in emergency department use and spending, with the increased utilization being driven entirely by those who replaced private insurance with Medicaid.<sup>53</sup>

As a result of expansion, existing Medicaid enrollees have had more challenges obtaining doctor appointments. According to a 2019 meta-analysis, prior to expansion, Medicaid enrollees were half as likely as those with private insurance to get appointments, while they were only one-third as likely after expansion — a decline by one-third.<sup>54</sup>

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49 President Barack Obama, “Remarks by the President on Health Care Reform,” March 3, 2010, <https://obamawhitehouse.archives.gov/the-press-office/remarks-president-health-care-reform>.

50 Obama, “Remarks by the President on Health Care Reform.”

51 Sarah L. Taubman et al., “Medicaid Increases Emergency-Department Use: Evidence from Oregon’s Health Insurance Experiment,” *Science*, January 2, 2014, <https://www.science.org/doi/10.1126/science.1246183>.

52 Craig Garthwaite et al., “All Medicaid Expansions Are Not Created Equal: The Geography and Targeting of the Affordable Care Act,” Brookings Institution, September 5, 2019, <https://www.brookings.edu/wp-content/uploads/2020/10/Garthwaite-et-al-final-draft.pdf>.

53 Cameron Ellis and Meghan Esson, “Crowd-Out and Emergency Department Utilization,” Fox School of Business, July 16, 2018, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3214825](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3214825).

54 Walter Hsiang et al., “Medicaid Patients Have Greater Difficulty Scheduling Health Care Appointments Compared with Private Insurance Patients: A Meta-Analysis,” *Inquiry* 56 (January-December 2019), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6452575/>.

## *Promise*

**The ACA would end abuses by health insurance companies.**

## *Result*

The ACA has been a gift for health insurers with its large government subsidies.

In remarks to a joint session of Congress on September 9, 2009, President Obama said:

What this plan will do is make the insurance you have work better for you.... I would remind you that for decades, the driving idea behind reform has been to end insurance company abuses and make coverage available for those without it.... I will make sure that no government bureaucrat or insurance company bureaucrat gets between you and the care that you need.<sup>55</sup>

President Obama decried health insurance industry abuses, including rescissions, when making the case for the law to the American public. He also decried how insurers discriminated against people with pre-existing conditions.

In reality, the ACA has been extremely profitable for insurers even after the individual mandate — which penalized Americans for failing to purchase their product — was repealed. The growth in insurer stock prices has multiplied between two to three times as much as the average increase in the S&P 500 over the past decade.<sup>56</sup> In essence, the government now guarantees a profit margin for insurers and every year directs increasing amounts of taxpayer dollars into their coffers. Meanwhile, the cost-containing provisions in the ACA that insurers most disliked — the Cadillac tax and the health insurance tax — have been repealed.

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<sup>55</sup> Obama, “Remarks by the President to a Joint Session of Congress on Health Care.”

<sup>56</sup> Brian Blase, “The ACA Is Making Health Insurers Much Richer,” Paragon Health Institute, March 20, 2024, <https://paragoninstitute.org/newsletter/the-aca-is-making-health-insurers-much-richer/>.