REVIVING AMERICA

How Repealing Obamacare, Replacing the Tax Code and Reforming The Fed will Restore Hope and Prosperity

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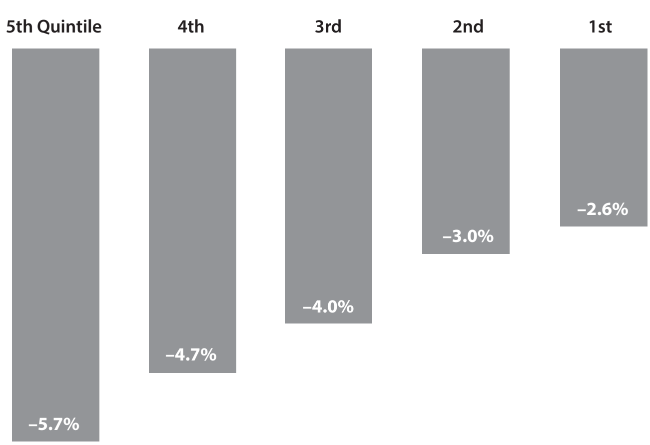
Introduction

How do we revive America? Both left and right agree the nation has lost its way. The Great Recession that followed the historic financial meltdown of the mid-2000s officially ended in 2009. But the recovery is the weakest ever from a major downturn—so weak, in fact, that some 60% of Americans feel that the economy is still in decline.

Poll after poll shows that people have lost faith in the system. This national funk is explained by the numbers. Since 2009 Americans have seen a sharp decline in real incomes. The biggest drop has been experienced by the bottom 20% of income earners. [See chart.]

Decline in Real Wages, 2009 to 2014



Source: NELP analysis of May 2009 and 2014 Occupational Employment Statistics.

Within the past couple of years, the employment picture has improved, but the labor participation rate—which reflects the number of people who have dropped out of the workforce—is the lowest in decades.

More and more adults are concluding that their children and grandchildren won't do as well as they did and will face a lower standard of living. With the American dream of upward mobility appearing to fade, many wonder whether America's days as the optimistic, can-do land of opportunity are over. Yet the Washington politicians appear clueless about what needs to be done.

The policies of Barack Obama, the president who was supposed to bring us "hope and change," have given us a disheartened, divided America. Public anger has resulted in riots and demonstrations on a scale not seen in this country since the 1960s and early 1970s. In this ugly atmosphere, political sniping and scapegoating are increasingly taking the place of rational public discourse. People are directing their rage towards immigrants, bankers, the "rich," "idlers" content to live off government handouts—and even the police.

Things are even worse abroad. Malignant forces, especially Islamic fanatics, grow in strength, emboldened by an America that seems to have abandoned its role as the leader of the Free World. Russian dictator Vladimir Putin commits aggression against Ukraine, a sovereign nation, while also threatening other neighbors and openly challenging the U.S. in the Mideast and the Arctic. Elsewhere, China brazenly flexes its muscles and taunts the U.S. by sending naval vessels to the edge of U.S. waters. Constructing man-made islands in a disputed area of the South China Sea, its actions underscore a global perception of the U.S. as a declining power.

Our nation seems mired in a malaise that evokes comparisons with the 1970s. Is this uncertain, polarized and economically stagnant America really, to use a favorite term of political elites, "the new normal"? The answer is a most emphatic *No*.

With the courage and the leadership to enact the right policies, this country can rebound—and rebound quickly. This book lays out the bold actions necessary for an American Revival that will restore faith in our nation as the land of opportunity and hope.

As this is being written, we are entering the 2016 election season. Politicians are floating ideas for curing our ailing country. Some of them have merit. But three crucial areas must come first in any program of meaningful reform: healthcare, taxes, and monetary policy. Each is a source of major dysfunction that must be addressed if we are to finally get the nation back on track.

That's why reviving America must start with what we're calling The Big Three Reforms. Three big reforms—to healthcare, taxes, and money. Get these things right and the country will make a quick and dramatic turnaround that will rival and indeed exceed the great comeback America achieved under the presidency of Ronald Reagan in the early 1980s.

So our book is divided into three parts: Part One discusses healthcare, which makes up almost 20% of our economy. The solution here is not only to repeal Obamacare. We must also address fundamental problems predating Obamacare that created the political environment that gave us that terrible law. Part One explains how decades of government regulation have all but destroyed normal markets in both healthcare and insurance. The left likes to blame what's ailing healthcare on "greed" and "free markets." But the problem is the opposite: too much government and too little economic freedom. Healthcare is one of the country's two most heavily regulated sectors. (The other—no surprise—is finance, another troubled area of the economy.)

What's actually driving today's rising healthcare prices is our government-dominated "third-party payer" system, whereby employers, government, private insurers—but not the patient—are the ones that pay for healthcare. The market is therefore tailored to their needs and not to yours as the healthcare consumer.

To achieve meaningful reform, this system—a distortion brought about by World War II regulations and a 1954 change in our tax law—must be overhauled. Doing so would bring down today's spiraling healthcare costs and unleash a new era of innovation that would truly make both insurance and care more available and affordable.

Part Two looks at the federal income tax code, that growing monster sapping America's vitality. With its tangle of tax brackets and regulatory complexities, our current system is a major barrier to progress. It has helped create an IRS that, in criminal fashion, threatens our very liberties.

This book sets forth a simple and drastic solution: throw out the income tax code and replace it with a simple Flat Tax allowing you to literally fill out your entire tax return on a single sheet of paper—or with a few keystrokes on your computer.

This reform may sound radical. But as we explain in Part Two, a Flat Tax is easy to adopt and has turned around numerous economies. Unlike other proposals such as the Fair Tax, the Flat Tax has a track record. *It really works.*

Part Three looks at monetary policy, specifically the need to drastically reform the Federal Reserve System. The effects of the Fed's fluctuating U.S. dollar—whose value rises and falls based on the whims of central bankers—get scant attention from Washington politicians. But this system must change if we are to once more enjoy true prosperity. If we don't get monetary policy right, we will never realize the full potential of the American economy.

The Fed's mistakes not only endanger the U.S. but also economies around the world. Just look at the daily headlines about the currency turmoil afflicting Europe, Japan, Brazil, Indonesia (home to the world's largest population of Muslims), South Africa, and others.

Part Three presents the one real solution to today's out-of-control central bank: a return to a monetary system based on a stable dollar whose value is linked to gold. America had a gold standard for most of its history. It helped our economy become the greatest in the world, and it can do so again—if the politicians let it.

Many people today are too young to remember that America also faced a similar period of self-doubt and malaise during the decade of the seventies. Then, as now, many people here and abroad concluded we were a fading power whose best days were over. Campaigning for president, former California governor Ronald Reagan combined withering criticisms of his opponent, the hapless incumbent president Jimmy Carter, with a positive program to revive this country. Most prominent among his proposals was a 30% cut in income tax rates for everyone. Reagan promised to end the seemingly incurable inflation that was sapping the economy and the nation's morale. He also proposed the biggest peacetime military buildup ever as a means to rebuild our armed forces, along with a vigorous foreign policy to turn back the seemingly unstoppable advances of our longtime Cold War adversary, the Soviet Union.

Experts and most political pundits thought his ideas preposterous. But Reagan was right. His landslide victory in 1980 provided the mandate to enact most of his program. Stabilizing the dollar, he killed debilitating inflation once and for all. His massive income tax cuts and other pro-growth initiatives swiftly turned the economy around. Thanks to Reagan, the U.S. for more than three decades led the world in growth and innovation. Reagan-era reforms helped encourage the rise of Silicon Valley, whose cutting-edge technologies have transformed not only the U.S. but also the global economy.

Along with demonstrating the power of free markets to revitalize a nation, Reagan showed the importance of domestic economic strength for leadership abroad. A decade after his ascendency to the White House, the Soviet Union lay in tatters and had ceased to exist.

If we are to avoid a miserable future in an increasingly chaotic world, America must again experience the kind of resurgence that took place after World War II and again in the 1980s. We *can* achieve a comparable comeback—if we do the right things. To bring about a genuine revival in the 21st century, the U.S. must put in place a Reaganite program of reform that removes the shackles of government and unleashes the brainpower and resources of the American people.

You may ask why we didn't devote a section to the crisis of entitlements, specifically Social Security, Medicare, and Medicaid. Their unfunded liabilities now run into the tens of *trillions* of dollars. Some may also wonder why we're not addressing the abuses of out-of-control agencies like the EPA and others.

The answer is *first things first.* The proposals in this book will also make it far easier to enact those subsequent reforms. Overhauling the healthcare system, for example, will change Medicare and Medicaid by scaling back the liabilities of those giant programs. The roaring economy—and tax revenues—to result from our Big Three Reforms will also mean the future cost burden of Social Security will be sharply reduced. Ultimately, the long-term answer for Social Security is to bring in personal accounts for younger people. Much is at stake, and not just for America. We too often fail to recognize the dangerous global consequences of domestic weakness. We saw this in the 1930s.

Weakened by the Great Depression, Britain and France pursued passive foreign policies in the face of Nazi Germany, Imperial Japan, and fascist Italy. The U.S. retreated into isolationism. The dictatorships struck observers as being purposeful and strong while the democracies were listless, demoralized, and corrupt. The blunt truth is that, if there had been no Great Depression, there would have been no Nazi Revolution (the Nazis received only 2% of the vote in 1928). If there had been no Nazi Revolution, there would have been no World War II.

With today's rise of extremism abroad and, to a lesser extent, at home, it is vital that we rediscover the principles of economic freedom that brought about the American Revival under Ronald Reagan. They are the principles of the Founders who built the American republic: an unshakeable faith in a society based on free people and free markets, equal opportunity (not equal outcome), property rights, and the rule of law. These tenets must be the basis of any and all reforms. We must start by reforming healthcare, taxes, and money. Just how do we propose to do this? To get the answers, read on . . .

PART ONE

REPEAL OBAMACARE: Lower Costs and Improve Care by Putting Patients and Their Doctors in Charge

CHAPTER 1

Why Healthcare Today Is Such a Mess

We've put healthcare at the top of our list of reforms because it is uniquely personal. All of us at various points in our lives need medical care. The debate over the problems in healthcare thus evokes powerful emotions. If there's one thing that the American people agree upon, it's that the system is a mess. Nearly everyone has a complaint—from long waits for doctors, to the difficulty in getting coverage for an expensive, much-needed drug, to a rigid market for health insurance with few choices and ever-increasing premiums. And let's not forget increasingly cold and impersonal hospitals with rotating shifts of doctors and nurses. Along with the challenges of dealing with illness, patients and their loved ones often have to fight a Kafkaesque hospital bureaucracy to receive tests and treatments.

The Affordable Care Act (that is, Obamacare) was intended to be the answer to what ails healthcare. Yet it did anything but fix these problems. Instead, as we discuss in the next chapter, the law has in fact made them many times worse.

The troubles in healthcare have long been blamed on "free markets"—i.e., insurance companies, doctors, drug companies and hospitals whose greatest concern, supposedly, is making money. Leading up to the passage of Obamacare, you may remember countless stories of heartless, "greedy" insurers denying coverage to sick patients. One such story in *Time* magazine recounted the case of a man who lost his insurance just before he was to get an expensive treatment for lymphoma and another of a woman who had to fight to keep her coverage on the eve of a double mastectomy.

Another frequently cited symptom of America's healthcare disaster: out-of-control costs throughout the system. In his now-classic book *Catastrophic Care: Why Everything We Think We Know about Health Care Is Wrong*, David Goldhill adds up what a typical American will pay for medical care during a lifetime. He tallies not just the direct, but the indirect costs: insurance co-pays and deductibles; out-of-pocket expenses not covered by insurance; Medicare taxes deducted from our paychecks; state and federal taxes paid for the out-of-control costs of Medicaid. He also includes the hit to our salaries from employers who divert resources to pay for costly employer-provided health insurance.

Total tab? A staggering $1.9 million.

But, according to the "experts," free market "greed" is not the only culprit. Also blamed: *Too much demand!* You'll hear the familiar wail from politicians and pundits: What are we going to do about all those aging Baby Boomers flooding the market for healthcare and overusing the system? *We must find a way to stop so much healthcare spending!*

The real problem with healthcare is these grossly misguided perceptions that have given us destructive public policies. Our healthcare system is like a patient who has been misdiagnosed and treated time and again with the wrong medicine. What happens? He just keeps getting sicker.

Free markets haven't produced the high prices and scarcity plaguing healthcare. The real cause: government controls that have been in place for decades. Healthcare is the most heavily regulated sector of our economy and had been long before Obamacare.

American healthcare may not be government-controlled like Britain's National Health Service. In the U.S. there are private-sector doctors and drug companies and even scattered pockets of free markets here and there. That is why we still produce more new drugs and medical devices than the rest of the world. But overall, free markets are largely absent from a sector that represents 18% of our economy.

Six decades of growing government involvement has grossly distorted the healthcare system. The result is that you, the patient, are no longer the real customer in this artificially configured market. Third parties are insurers, government, hospitals, and employers. For all the palaver to the contrary, patients are generally at the bottom of this food chain. One small example: not even the crummiest motel would put you in a room with other guests as hospitals do with sick people. Nor would they dare give you the kind of gowns provided by most hospitals and clinics.

After all, why should hospitals care about such niceties? You're not paying the bill. An angry hotel customer can take his business elsewhere and warn friends and family to stay away. But you have no such leverage as a hospital patient. That's not just because you're sick but also because you're not controlling the healthcare dollar. Your insurer is.

But the lack of free markets is more than a matter of hospital gowns. Each year tens of thousands of patients die from secondary infections acquired in the course of a hospital stay. This is scandalous. Imagine what the public reaction would be to a restaurant chain that caused even a handful of people to die from food poisoning. There would be angry demands for investigations into sanitary conditions and practices. Not so with hospitals because they're not seen as being directly accountable to patients.

Then there's the matter of prices. If you go to a hospital or clinic and ask in advance what your treatment is going to cost, you'll get a very strange look. Why would you want to know the price? What's it to you? Your insurer or the government will deal with that. All you should care about is what your out-of-pocket costs will be.

With every other product or service, the first thing we want to know is: What does it cost? In other words, in healthcare today, there is a profound disconnect between providers and consumers, or in this case, patients.

Hospitals know who their *real* customers are: insurers and Big Government. Insurers, meanwhile, know that their critical relationships are with employers, hospital chains, and Big Government. Your employer's deals are with insurers. The biggest companies can make special arrangements for pricing and access with hospitals and specialized clinics. You, the patient, are the supposed beneficiary of these relationships. But the reality is that you are largely a powerless bystander. Meanwhile, your out-of-pocket expenses—co-pays, deductibles, gaps in traditional Medicare coverage, and the like—are going up and up.

This is true of both private and government insurance. Medicare was created to rescue seniors on fixed incomes from the ever-increasing cost of medical care in old age. That hasn't happened. Instead, seniors today spend a greater proportion of their retirement income on healthcare than their forebears did before Medicare was created in 1965.

Another indicator of this dysfunctional market: the very fact that healthcare demand is considered a *crisis.* In just about every other sector of the economy, increased demand is viewed as an *opportunity.* No one complains of a crisis, for example, when a mobile device flies off store shelves—or when automakers are working overtime to keep up with orders for cars and trucks. Quite the contrary: You'd see awe-struck articles in business publications about how everyone wants that hot new smartphone. Or that GM, Ford, or Nissan can't keep up with demand for their vehicles. In normal free markets, demand for autos, cell phones, and other products is something to be *celebrated.*

That's precisely our point: We don't have real free markets in healthcare.

Critics' usual response: you can't have free markets because healthcare is "different." This skepticism is summed up by the question: How can you comparison shop for emergency rooms when you're in an ambulance suffering a heart attack? You can't be sure when you'll need medical treatment. And you can't predict what kind of insurance coverage you need. And there's all that expensive technology.

In fact, most medical care is not of an emergency nature, and the insurance that pays for your care is not bought when you're in an ambulance. Free markets exist for many products and services that have the same "problems" as healthcare—for instance, computers (like healthcare, advanced and often expensive technology) and auto insurance (unpredictability). Yet these markets work. How many people have trouble finding affordable computers, phones, cars, or clothes? Have you ever heard anyone in this country talk about a *cell phone crisis?* The only crises we may have heard about have been the result of *too many* cell phones, and people using them at the wrong time—in theaters or texting while driving. But no one's demanding an Obamacare act for cell phones.

Few people fully appreciate the insidiousness of the third-party payer system and how it has distorted the delivery of healthcare. In a normal market, competitors vie for the business of consumers. Some may fail. But the winners do more than cash in. Their best-selling products and services lift up the rest of the market. Apple's success with the iPhone caused companies like Samsung to rush in with their own, similar offerings. When this happens, prices come down and standards are raised for all consumers.

With its lack of upfront consumer pricing that you see before you buy, the third-party payer system preempts this process and keeps healthcare services from advancing and improving. Kaiser Permanente, the Geisinger Health System, and a handful of other institutions have been lauded for practicing truly integrated medicine instead of the increasingly silo-ed approach of most hospitals, where specialists never seem to talk to one another. Yet third-party reimbursement rates at these institutions can be the same as at hospitals with far inferior results. Reimbursements depend not on performance but rather on how hospitals negotiate with insurers.

What this means is that there's no market mechanism—i.e., higher profits—to show Geisinger and Kaiser Permanente's "best practices" are considered desirable. So they're less likely to be widely adopted by other healthcare providers—the way, say, a terrific new computer technology would spread and become an industry standard. In true free markets, entrepreneurs would be rapidly figuring out how to cash in by topping what Geisinger and Kaiser offer, just as companies like Samsung quickly leapt at the huge market Apple had pioneered with the iPhone and iPad with products that were cheaper or offered allegedly better features.

The ultimate third-party system, of course, was the Soviet Union, where the consumer had no market power. Products were shoddy and central planners couldn't even begin to match the cornucopia of high-tech breakthroughs coming from the U.S. and other nations with open markets.

The powerful influence of giant government insurers Medicare and Medicaid is another reason for the bureaucratization of healthcare. Their reimbursement policies, which set the agenda for private insurers, constrain care and innovation.

For example, why have doctors been so slow to make use of computers and the Internet, things commonly used by corporate America, in the day-to-day practice of medicine? The explanation is not simply, as some have observed, that doctors tend to be reluctant to change. A reason widely overlooked is that Medicare doesn't reimburse for such tools because they weren't used back in 1965.

Obamacare has attempted to modernize medical offices by compelling doctors to computerize medical records. But, as we discuss in the next chapter, it is doing so with an overly heavy hand that is deepening problems in healthcare and further impeding the practice of medicine.

Big Government advocates hate to admit this, but in a normal free market, the prevailing trend is for the quality of products and services to keep improving and for prices to go *down*, not up. Compare a television set of 10 years ago with the typical widescreen set today. The quality has tremendously improved and the price has plummeted to a fraction of what it was.

Free markets will always turn scarcity into abundance. Back in the early 1900s, an automobile cost today's equivalent of some $125,000. Along came Henry Ford, who, along with a gifted group of engineers, ultimately created the moving assembly line, which drastically cut costs and vastly increased output. Result: a toy for the rich became something every working person could afford.

This doesn't happen in healthcare because prices aren't set by countless providers rushing in to meet demand. Instead, costs are determined based on the needs and wants of a handful of big government and corporate entities with fat checkbooks.

In addition to third-party pay, another factor driving healthcare costs is the sheer volume of government rules and regulations. This had been the case long before Obamacare. In each state, for example, insurers have been governed by different coverage mandates requiring that they reimburse just about every conceivable expense—whether people needed or wanted this or not.

Thanks to these state regulations, the healthcare coverage we have today is not really traditional insurance, which is supposed to cover big, unforeseeable risks. No one expects their homeowners insurance, for instance, to reimburse for a broken coffee mug, mowing the lawn, trimming the trees, or filling up the heating oil tank. Motorists don't file claims for gas fill-ups or car washes. Imagine how high your auto insurance premium would be if Geico or Liberty Mutual reimbursed for every tank of gasoline.

The sky-rocketing health insurance premiums of the past decade—which gave rise to the public indignation that brought about Obamacare—are largely the result of these costly insurance regulations driving smaller insurance companies out of the market. Less competition inevitably leads to higher prices. In 2009, then senior White House advisor David Axelrod himself admitted to CNN's Wolf Blitzer that, "in many states in this country, there is one insurer that dominates the entire market. In Alabama, one insurer dominates 87%. In North Dakota, there's one insurer that dominates the market almost completely." Blitzer responded with a question asked today by many who want to replace Obamacare: "Why not break down the state barriers and let all of these insurance companies compete nationally, without having to simply focus in on a state-by-state basis?"

Why not, indeed?

A 2014 report released by the American Medical Association (AMA) found that 72% of some 388 metropolitan insurance markets lacked industry competition and were "highly concentrated."

But insurance regulations are only part of this mess. Government constraints on what doctors and hospitals can and cannot do are worthy of Soviet-era central planning. Among the worst are so-called "certificate-of-need" laws. In more than half the states in the U.S., anyone who wants to build a new hospital, a nursing home, a burn unit—or countless other types of facilities—must obtain a certificate of need. Some states have declared moratoria on certain facilities. In 2014, the state of Delaware declared that no additional hospitals offering medical/surgical or obstetrical beds were to be built. Louisiana has called a halt to building long-term care nursing facilities. *But what if people need them?*

Samsung is not required to obtain a "certificate of need" to compete with Apple. Dunkin' Donuts does not apply for a certificate of need to set up shop near Starbucks. That gets to our point about certificates of need: *they're not needed.*

Doing away with certificates of need and other anticompetitive regulations would accelerate the proliferation of alternative delivery systems such as walk-in clinics and centers that could provide vital services to people at lower cost. Some have already been launched by major retailers. For example, CVS Pharmacy offers MinuteClinics, where nurse practitioners diagnose and treat common family illnesses, like strep throat and bladder infections. Without regulatory barriers it would be easier for a CVS or a Walgreens—or some other provider—to bring innovations and low prices to other areas of healthcare.

And we haven't yet mentioned the countless rules and regulations impeding *existing* healthcare providers. A medium-sized acute care facility in San Diego, California, was found to be accountable to 39 governmental agencies and seven non-governmental bodies. There were 65 separate reports that it had to file with these organizations, which translated to roughly one report for every four beds. Achieving "compliance" required highly trained, expensive hospital personnel each and every day to record detailed information.

And that's just one hospital. The story is the same throughout the system. To get a single drug approved by the Food and Drug Administration, for example, takes about 10 years. The entire process can cost more than $2 billion. Back in 2004, a groundbreaking study by Duke University's Christopher Conover found that government regulation of the medical sector—including regulation of medical practitioners and facilities, health insurance, drugs, and medical devices—cost the economy between $256 billion and

$339.2 billion or more per year. The net burden of such regulation added up to "a $169 billion hidden tax."

Health insurance would be many times cheaper—and you'd get more for your dollar—if you, the patient, paid for it and not big third-party corporations and government. The magic of consumerism works even in the technologically advanced field of medical care.

In the small pockets of healthcare that are consumer-driven markets, prices have steadily come down and service has improved. One example: Lasik surgery to correct vision. Millions have had the procedure done so they don't have to wear glasses or contact lenses. Insurance rarely covers this operation and so there is not the normal disconnect between provider and customer. Providers thus have to attract consumers—i.e., you the patient—by improving results and making more surgery affordable. The procedure today costs *less* than it did a decade ago. *Forbes* magazine publisher Rich Karlgaard paid $5,000 for Lasik in the early part of the last decade. He recently observed that he could probably have the same operation done for $2,500 today and get an even better result.

Cosmetic surgery is another specialty not covered by insurance. Demand has grown more than six-fold in the last two decades, and there have been enormous technological breakthroughs. But cosmetic surgery has not experienced the inflation that has wracked the rest of the medical field. And as anyone can see from the popular media—or from casual observation—it's widely and easily available to just about anyone who wants it.

Advocates of government healthcare hate the idea of consumers paying for their own care or insurance. But a consumer-driven market is the only way to achieve their objectives of lowering costs and spending. The National Bureau of Economic Research (NBER) in March 2015 studied the impact of what are called consumer-directed health plans (CDHPs) over a three-year period. These employer-provided policies combine high deductibles with health saving accounts (HSAs). For those who may not be familiar with them, an HSA is a tax-free IRA-like account, which you can get from your employer to pay for routine healthcare expenses. The great virtue of these is that, if you save money on generic drugs or doctor visits, you keep the money you save, not your employer or the government. What you save rolls over into the following year and collects interest.

What impact have these consumer-driven plans had on spending? According to the NBER's study, "Spending is reduced for those in firms offering CDHPs. . . . The reductions are driven by spending decreases in outpatient care and pharmaceuticals, with no evidence of increases in emergency department or inpatient care." These findings are a stunning rebuke to Big Government types who insist that you can't reduce healthcare costs without government cost controls and rationing.

You may be wondering: If consumer-driven markets are the best solution for healthcare, then why don't we currently have them? Today's system is the accidental outgrowth of government wage-and-price controls put in place during World War II. Uncle Sam wanted to keep companies from raising wages—and prices—as a result of the domestic labor shortage arising from millions of Americans going into the military. Employers prevented from enticing workers with higher salaries turned to offering fringe benefits—like health insurance.

After the war, Washington formally allowed employers to treat these insurance outlays as a tax-deductible expense while not treating them as taxable income for workers. This institutionalized the third-party pay system. The government's tax incentives encouraged employers to pay for their worker's health insurance. The consequence was that employees were insulated from the cost of coverage and medical care.

In the 1960s, the market distortions of third-party pay were vastly amplified by the establishment of Medicare and Medicaid, the two giant government insurers. Market forces were prevented from operating in what is probably the largest segment of the healthcare market—providers to the poor and the elderly.

Over the years employees have been asked to pay more for their own healthcare through higher co-pays and deductibles. Yet people have remained largely insulated from the true cost of healthcare. We will see in the next chapter how the added federal restraints of Obamacare made a bad situation dramatically worse. The law, however, has had one unintended positive effect: it has inadvertently created a bigger consumer market, thanks to the immense deductibles of the government-subsidized plans on Obamacare exchanges.

After recovering from the sticker shock of high deductibles, millions of Americans are paying for many expenses out of pocket and becoming more cost-conscious healthcare consumers. Thus, Barack Obama, who devoutly wishes for a truly socialist, single-payer system, has been unintentionally paving the way for free market reform. He's cultivating a greater acceptance among Americans for paying for healthcare in a consumer-driven market.