

I'll Lay Three-To-One Odds You Don't Know This...

Imagine that you just bought a new Ford, for which you paid \$25,000. You go to your mailbox and waiting for you is your insurance premium notice. You expect the insurance on your new car to be about \$1,200 per year. Imagine your surprise when you open the bill and discover that your premium has gone up to \$5,000!

Assuming there must have been a mistake, you immediately telephone your agent and ask him to double-check. He responds, "No, I'm sorry, that \$5,000 premium is correct. Were you not aware that the new ObamaCarCare legislation would make your premiums go up?"

"What are you talking about?" you ask. "Obama said the legislation would ensure that there were no longer any uninsured drivers on the road and that my premium would go down! I expected my premium to be about \$1,200... \$1,500 tops."

"Well," says the agent, "that may have been what Obama said but that's not what's in the law. You see, the law prohibits car insurers from charging any customer more than three times what it charges any other customer."

"I don't get it."

"Doesn't your neighbor have a new Lamborghini?" asks the agent.

"Yes. So what?"

"His premium is \$15,000 per year. But under ObamaCarCare we cannot legally charge him more than three times what we charge you. We'd lose money and go out of business if we charge you \$1,500 and only charge him \$4,500. So to comply with the law we had to raise your premium."

"That's the dumbest thing I've ever heard of! Cancel my policy immediately, and I will find another company."

"I'm sorry, but all the other car insurers have to follow the same new rule. Every one of them will quote you about \$5,000. That's just the way it is now."

Is this scenario absurd? Of course it is. But if such a three-to-one rule is absurd for car insurance, would it not also be absurd for health insurance? Yes, but that is *precisely* what ObamaCare requires of health insurers. Under Obama's health care legislation, insurers are prohibited from charging older customers more than three times the premium of younger customers.

Consider what that means. It costs far more to insure senior citizens than young people. Yet as health care costs go up, the insurers are now *prohibited by law* from passing on those costs only to the customers who incur them. They are now legally required to

spread the costs among all customers. If the premiums for older customers go up by \$1,000, the younger customers will see an increase of at least \$333.34—even if they have all remained healthy and have incurred no additional health care costs.

In the case of taxes, Obama wants to “redistribute the wealth” by increasing taxes on the wealth creators. In the case of health care, Obama wants to “redistribute the costs” so that younger, healthy customers help pick up the tab for the health care of senior citizens. (That is Marxism 101: “From each according to his abilities; to each according to his needs.”)

The absurdity of the ObamaCare rule—besides being unfair—is that it works against the goal of insuring more Americans. It is true that many young, healthy Americans go without health insurance, because, well, they are young and healthy and don’t think they need it. (Most of them are correct; they do not need it.) ObamaCare attempts to force those young, healthy people into the system by penalizing them with a tax if they do not buy health insurance. But at the same time, ObamaCare’s three-to-one rule will dramatically increase the cost of health insurance for young people. That makes them even *less* likely to buy coverage.

Most reasonable people would argue that Lamborghini owners *should* pay a lot more for car insurance than Ford owners. After all, it costs the insurer far more to replace a stolen or totaled Lamborghini than a Ford. Similarly, most reasonable people believe that it is fair to charge smokers, the mortally obese, and women more for health insurance because they incur far more health care costs. (Smokers get lung cancer; the obese develop diabetes and heart disease; and men do not incur maternity costs.) Yet ObamaCare also prohibit insurers from “discriminating” against those groups as well. As a result, non-smokers have to pay more to subsidize the smokers; healthy, thin people have to pay more to subsidize the overweight diabetics; and men have to pay higher premiums to subsidize births by C-section.

Enjoy your premium increase. But don’t go out and buy a new Lamborghini just yet.

Don Fredrick
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