

## ObamaCare Sticker Shock

At FoxNews.com Jim Angle reported on a healthy, young Louisville family of four whose health insurance premium is increasing from \$333 per month to \$965 per month—largely because of the Affordable Care Act (ACA, or “ObamaCare”). “The insurance carrier,” noted Angle, “made it clear the increase was in order to be compliant with the new health care law.” The letter from Humana stated:

*“If your policy premium increased, you should know this isn’t unique to Humana—premium increases generally will occur industry-wide. Increases aren’t based on your individual claims or changes in health status. Many other factors go in to your premium including: ACA compliance, including the addition of new essential health benefits.”*

The family’s policy is now “anything but affordable because the law adds a new tax on every insurance policy and requires a list of additional benefits [they] didn’t want to pay for.”

One major problem is that ObamaCare prohibits insurers from offering “bare bones” policies with limited coverage and high deductibles. The government is essentially *forcing* everyone to buy more coverage than they may want or need. I may prefer a lower-priced policy with a very high deductible and high out-of-pocket limits, because I would rather pay cash for routine care (strep throat tests, annual physicals, etc.) and want insurance only for the “big-ticket,” unexpected and expensive items. (That, of course, is what insurance is *supposed* to be for.) But Obama, Nancy Pelosi, and their cohorts have said, “*No! You can’t do that! How dare you seek to be responsible for your own life?*”

The fools listened to Obama and said, “*Count me in! I want as much free care as possible from my insurance company!*” They failed to comprehend that insurance companies—unlike the government and the Federal Reserve—cannot create money out of thin air, and that the cost of all that “free” coverage will be passed on to employers and individuals in the form of increased premiums. As policies reach their renewal dates, millions of Americans will soon find out that what they thought would be free is far from free. (The family interviewed by Jim Angle will not be the exception; it will be the rule.)

Some will argue that the rising prices will cause ObamaCare to fail because millions of outraged Americans will demand its repeal. Others will argue that ObamaCare was *designed* to fail—and that Obama is hoping Americans will eventually “cry uncle” and demand full socialized health care to replace ObamaCare. (My skeptical nature places me in the latter group.)

Obama has said in the past that such a “single payer” system is his goal, as have many Democrats in Congress (such as Illinois socialist Jan Schakowsky). Their ultimate goal is to have the federal government own and operate all hospitals and clinics, and to make all physicians, nurses, etc. federal employees. Your health care will then be controlled by a bureaucracy far worse than what we have now. (And what we have now is already quite bad—thanks to existing state and federal regulations.)

If we switch the topic from health insurance to car insurance it is easier to comprehend. With “ObamaCar” insurance, every owner wants his policy to cover oil changes, new windshield wiper blades, replacement tires, etc. He wants no routine expenses. He wants no policy limits. He wants no premium increases—in fact, he wants his premiums to go down!

But insurance is designed to protect a person from the risk of *unusual and uncommon* expenses and disasters. Why are so many Americans incapable of understanding that? You buy car insurance so that you have peace of mind if the *worst* should happen: you get in an accident or your car is stolen. Because most drivers do not have accidents or lose their cars to theft, the insurers can *spread the risk over many customers*. You hope your car is not totaled or stolen, but if it is you get the cash for a replacement vehicle from the insurance company. Essentially, your replacement vehicle is being paid for with the premiums of those whose cars were *not* stolen or totaled. *Sharing the risk is the whole point of insurance!* (Of course, if you do not like that system, you are free—or should be free—not to participate. If you choose not to buy insurance and your car is stolen, the cost of its replacement is your responsibility. If you injure someone with your vehicle and are sued, you will not have an insurance company to cover the claim—and you risk losing your house.)

Health insurance *should* work the same way: you insure yourself against *unexpected and unanticipated* tragedies (heart attack, cancer, broken limb, etc.) That works because the risk is shared. The premiums of those people who do *not* get cancer or have heart attacks or broken limbs are used to cover the expenses of those who *do*. The problem today is that too many people expect insurance to cover almost every health expense. That is absurd! Why? Because the system changes from 100 percent of the insured participants paying smaller amounts to cover the expenses of those few who have the exceptional expenses, to 100 percent of the participants paying much larger amounts to cover the expenses of the 100 percent who have everyday expenses. If everyone’s car was stolen or totaled every year, there would be no point in having car insurance because everyone would have to pay \$25,000 in annual premiums to cover the \$25,000 cost of a replacement vehicle. You may as well demand “food insurance” to cover the “risk” of hunger, and expect the insurance company to provide you with three meals every day. Would you expect the cost of *that* insurance to be minimal? Would you expect the premiums to *fall* by \$2,500 just because Obama said he could do a better job of administering the plan—after also promising he would toss in afternoon snacks and beer and pizza for football games?

You insure yourself against risk. But a routine annual physical exam is not a “risk” any more than an oil change or having lunch is a risk. If 100,000 people covered by a particular health insurance company each have an annual physical exam that costs \$500, the cost to the insurer is \$50 million per year. If that expense is “spread out” among the 100,000 policy holders, that would increase their premium costs by—you guessed it—\$500 each. In fact, it would be *more* than \$500, because the cost of administering the policy (the carrier’s overhead and profit) would be added. Even if we assume that would add only \$20 to the cost, why would anyone in their right mind want to pay \$520 in additional annual premiums in order to receive a “free” annual \$500 physical? It makes

more sense to pay for the exam out of one's own pocket, save \$20, and skip the insurance middleman.

Thus, a major problem with ObamaCare is that it forces the insurers to cover routine expenses *as though they were not routine*. When those routine expenses are included in the policy, the policy cost necessarily skyrockets—as would be the case if your car insurer were forced to cover “free” oil changes. Again, there is no point in “sharing the risk” if everyone has the same risk.

Another problem with health insurance is that state and federal regulations force insurers to cover items that not everyone wants. A customer may neither need nor want coverage for mental health issues—but he may be forced to pay for it anyway. Another customer may neither need nor want acupuncture, birth control, erectile dysfunction, or abortion coverage—but he may be forced to pay for it anyway. A young married couple might certainly want a policy that covers childbirth, but an elderly couple would not. Nor would a single man or a (cautious) single woman. Why must granny's policy cover maternity benefits? Why must I pay an acupuncture premium if I expect never to obtain acupuncture services? Why must I pay a higher premium in order to get mental health coverage if I am mentally healthy and my family has no history of mental illness?

Mandates cost money, and the insurance carriers must necessarily pass on those costs to their customers. That is why customers are now getting letters announcing premium increases of even 200 percent. There is no such thing as a free lunch—and some Americans who thought they would get it from Obama are now learning that they will not. They are also learning that while they used to eat a ham sandwich for lunch, that is no longer on the “federally approved menu.”

ObamaCare also prohibits insurers from charging older customers more than three times what younger customers are charged. If it costs a company \$15,000 to cover a senior citizen, the company cannot charge the young customer less than \$5,000—even if it only costs only \$2,000 cover him. The ill-advised three-to-one ratio requirement is intended to prevent older customers from being “overcharged.” The result, not surprisingly, is that younger customers are being overcharged. How will younger people respond? They will either cancel their policies and do without coverage or not buy a policy at all if they are currently uninsured. That is precisely the *opposite* of the ObamaCare goal of getting millions of young people into the insurance system in order to subsidize the coverage of older Americans. Yes, there is a penalty/tax for not buying insurance, but many people will simply pay the tax and do without insurance.

During a political campaign, many promises are made and many votes are swayed by emotion, rather than by reason. One could spend days pointing out the lunacies inherent in ObamaCare, but it is sufficient to state that the more Americans learn about it, the less they will like it. The sticker shock millions of Americans will soon be facing may be enough to persuade them to contact their Senators and Congressmen to demand that ObamaCare be repealed. As reality rears its ugly head, all Hell may break loose. The leftist professor in the Oval Office may soon learn that arguing his “progressive” position

in a faculty lounge is far different than facing an angry crowd with pitchforks, tar, and feathers.

Money not only talks, 200 percent price increases prompt action.

*Don Fredrick*

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