



Why Obamacare is going to go broke fast, Part Whatever

By [Paul Mulshine](#) - September 18, 2013

Who's going to pay these people if insurers won't join Obamacare exchanges? Patti Sapone/The Star-Ledger

The Trader Joe's chain is famous for a lot of things, including a wine known as "Two-Buck Chuck."

I have never had a \$2 bottle of Charles Krug wine because of New Jersey's liquor laws, which represent what in a free country would be a criminal conspiracy against the consumer.

Alas, this is not a free country, so let's move on to the question of Obamacare and why it will go broke really fast.

The Washington Post recently carried [an excellent article demonstrating just that](#). It followed a column in which the writer noted that the Trader Joe's chain was dropping health-care coverage for its part-time employees.

Cruel? Not at all, replied the Trader Joe's spokesman. In fact the typical employee will be able to get a really nice policy for even less money after Jan. 1:

The ACA brings a new potential player into the arena for the acquisition of health care. Stated quite simply, the law is centered on providing low cost options to people who do not make a lot of money. Somewhat by definition, the law provides those people a pretty good deal for insurance ... a deal that can't be matched by us -- or any company. However, an individual employee (we call them Crew Member) is only able to receive the tax credit from the exchanges under the act if we do not offer them insurance under our company plan.

Perhaps an example will help. A Crew Member called in the other day and was quite unhappy that she was being dropped from our coverage unless she worked more hours. She is a single mom with one child who makes \$18 per hour and works about 25 hours per week. We ran the numbers for her. She currently pays \$166.50 per month for her coverage with Trader Joe's. Because of the tax credits under

the ACA she can go to an exchange and purchase insurance that is almost identical to our plan for \$69.59 per month. Accordingly, by going to the exchange she will save \$1,175 each year ... and that is before counting the \$500 we will give her in January.

While we understand her fear of change, at her income level this is a big benefit that we will help her achieve.

Exactly.

People who run businesses hire sharp accountants. And sharp accountants immediately pick up on this sort of thing. If Uncle Sugar is going to provide cheap insurance for your workers, why what's a win-win.

Except of course for the taxpayer. That new benefit has to be paid for by someone else.

As I've noted, that someone else is supposed to be the more affluent individual who is forced to buy unsubsidized insurance, thereby providing coverage for the less affluent. Alas, there are all sorts of ways for that person to avoid the individual mandate.

Maybe that's why so many insurers don't want to get involved. Here's [what Michael Cannon of the Cato Institute had to say](#) on the subject:

And the latest wave of insurers exiting the individual market is likely just the beginning, says Cannon.

"I do think it's a sign of more to come," he says. "What we have seen in states that have enacted laws like ObamaCare, with community rating and price controls where you can't charge sick people more than you can charge healthy people, is an exodus of insurers from the marketplace.

Read the whole thing. You will come to the conclusion that it's wonderful for the federal government to offer all of those people inexpensive insurance policies. And you will also conclude that there is no way to pay for this new system.