WSJ

Biden’s Short-Sighted New Health Rule

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Here’s a definition of Bidenomics you won’t hear from the White House: Forcing Americans to buy expensive products they don’t want or need.

Behold the President’s plan to limit short-term health insurance plans in order to jam more consumers into the heavily subsidized and regulated ObamaCare exchanges.

The Health and Human Services, Labor and Treasury Departments has proposed rules to roll back the Trump Administration’s expansion of short-term, limited-duration insurance (STLDI) plans. Since 2018 these plans have been available in 12-month increments, and consumers have been able to renew them for up to 36 months.

Short-term plans aren’t required to provide comprehensive benefits, including pediatric services, maternity care and mental health treatment. They are thus much cheaper than the heavily-regulated plans on the ObamaCare exchanges, which must provide 10 “essential” benefits and are restricted in their ability to charge premiums based on age and risk.

These plans are especially attractive to young people whose employers don’t provide coverage. Why would a healthy 26-year-old want to pay for maternity, pediatric and other services he probably won’t use in the near future? Instead, he could use the thousands of dollars in savings from enrolling in short-term plans to repay student loans.

President Biden raps short-term plans as “junk insurance,” but Democrats call anything they want to eliminate “junk.” They don’t like the plans simply because they lure healthy, young people away from the ObamaCare exchanges, which results in older and sicker insurance risk pools that increase premiums and subsidy costs.

The Inflation Reduction Act sweetened ObamaCare’s insurance premium tax credits that are tied to income. As a result, a 60-year-old making just above four times the poverty level ($58,320) has to pay only 8.5% of his income toward his insurance premium while the government picks up the rest. If premiums increase, government is on the hook for more.

But after the Inflation Reduction Act's enhanced subsidies expire in 2025, consumers will be in for sticker-shock. Hence, the Administration is trying to drive more young, healthy people back into the exchanges by reinstating a four-month cap on short-term plans and prohibiting renewals. Presto: A free market for insurance that competes with the ObamaCare exchanges disappears.

Some states have experimented with restricting short-term plans, but a 2021 study by the Galen Institute found this didn't reduce full-coverage premiums. For many young people, the ObamaCare plans even with subsidies aren't worth the cost. So prepare for an increase in the number of uninsured after the rule takes effect.

The Biden rule may also draw a legal challenge. The Cato Institute's Michael Cannon notes that the proposal conflicts with a 2020 ruling by the D.C. Circuit Court of Appeals that "nothing in (federal law) prevents insurers from renewing expired STLDI policies." Once again, the Administration is rewriting law by regulatory decree.

As with his backdoor ban on gas-powered cars, President Biden is limiting health insurance choice and competition in the name of protecting consumers from something they want to buy.