

## Insurers In Black Hats

By INVESTOR'S BUSINESS DAILY | Posted Monday, August 17, 2009 4:20 PM PT

**Health Insurance:** Driven by focus groups, the administration and Congress rail against insurance companies to get ObamaCare passed. So why have they been protecting the insurance companies from real competition?

---

IBD Exclusive Series: [Government-Run Healthcare: A Prescription For Failure](#)



[Listen to Audio Version](#) | [Podcast IBD Editorials](#)

---

In a recent stop in North Carolina, President Obama told the crowd that our existing health care system "works well for the insurance industry, but it doesn't always work well for you." This shift from discussing what's in his plan to fighting the insurance bogeyman is no accident.

In June, Joel Benenson, the president's chief pollster, told the Economic Club of Canada, where health care is a public scandal, that the White House sees polls showing that people hate insurance companies. People "think the insurance companies have been the villain here, not the government," he said.

Obama didn't always share House Speaker Nancy Pelosi's animus toward the villainous insurance industry. Back in 2003, Illinois lawmakers tried to expand health coverage with the Health Care Justice Act. It drew fierce opposition from the insurance industry, which feared it was a prelude to a government-run system.

As Scott Helman of the Boston Globe reported in a September 2007 column, insurers and their lobbyists "found a sympathetic ear in Obama, who amended the bill more to their liking."

During debate on the bill on May 19, 2004, Helman notes, Obama acknowledged he had "worked diligently with the insurance industry." Then-state Sen. Obama offered three successful amendments, at least one of which made key changes favorable to insurers.

Meanwhile, Obama was willing to accept campaign contributions from insurers, including \$1,000 to his state Senate campaign committee from the Professional Independent Insurance Agents PAC in June 2003 and \$1,000 from the Illinois Insurance PAC six months later.

According to Helman, "Obama also collected money from the insurance industry and its lobbyists for his successful U.S. Senate campaign in 2004."

In his Toronto speech, Benenson said "people like the idea of having a public plan that can compete with insurance companies."

Judging from the recent town hall fiascoes, that doesn't seem the case. Fact is, insurance companies can't compete with a public option funded by a government that doesn't know the word profit.

Interestingly, the Obama administration is not keen on letting insurance companies compete with each other. The president did not tell the North Carolina people they are forbidden from shopping for an insurance plan more to their liking across state lines, like in South Carolina.

During the presidential campaign, Sen. John McCain backed legislation by Arizona Republican Congressman John Shadegg that would let someone living in one state buy health insurance from a company operating in another state. People can buy just about everything else across state lines, so why not health insurance?

It would increase choice and, through competition, reduce costs. After all, about 1,300 insurance companies are in the U.S. and, presumably, all would want your business.

Candidate Obama opposed the idea, saying it would create an unsafe, unregulated health insurance market. He feared, for example, that "where there are no requirements for you to get cancer screenings, no insurers would offer such coverage." Yes they would or they'd lose business to insurers in other other states that do.

Rest assured, if enough people want to buy something, someone will be there to sell it to them. Shopping across state lines would be a death knell for mandates. You could tailor your policy to your needs, just as most people do with car insurance. Paying only for what you actually need or can use is cheaper and better.

The Congressional Budget Office says state regulations boost premium costs an average of 15%. According to Michael Cannon, the Cato Institute's director of health policy studies, the average state imposes 38 mandates. These mandates make private insurance too expensive for many. A study by economists at the University of Minnesota showed that a proposal like McCain's and Shadegg's could cover an additional 12 million Americans.

Now that would be a real public option.

---

© Copyright 2009 Investor's Business Daily. All Rights Reserved.