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Michael F. Cannon: Obamacare makes it easier than to free-ride

By Michael F. Cannon

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Even if Obamacare really has enrolled 8 million Americans through its health insurance exchanges, that's not good enough. For the exchanges to work, people must enroll and *stay* enrolled.

If too many enrollees drop out, premiums will climb until the exchanges collapse.

The experts are already worried. An estimated 20 percent of those who sign up for exchange plans don't pay their first premium; as many as 5 percent stop paying after the first month. Rising premiums and skimpy coverage may lead even more enrollees to drop out.

But the most important factor might be that Obamacare itself makes it safer and more attractive than ever for healthy people to drop their coverage and wait until they get sick to re-enroll.

Before Obamacare, choosing not to buy health insurance, at least for a time, was already a pretty safe bet for most healthy people. You saved thousands of dollars per year, and the odds of having unmet medical needs or unpaid medical bills were low.

Under Obamacare, choosing not to buy health insurance can save you even more, and the downside is much, much smaller.

First, the savings. Obamacare increases premiums for healthy people – in some cases, even if you qualify for a subsidy. So dropping coverage will save you even more money than before. (You can avoid the [toothless penalty](#) for people who don't obtain coverage by ensuring the IRS won't owe you a refund.)

Second, Obamacare makes being uninsured a low-risk proposition. If you receive a serious diagnosis like diabetes or cancer while uninsured, Obamacare requires exchange plans to cover

you, at the same premium as healthy people, no later than the following January. In many cases, you can get coverage even sooner. For example:

- If you live in one of the [25 or so states](#) implementing Obamacare's Medicaid expansion, you can get coverage immediately by temporarily reducing your income below 138 percent of the federal poverty level, about [\\$16,000 for single adults](#). Once January rolls around, you can enroll in an exchange plan and boost your income back to where it was. Depending on how often the state verifies Medicaid eligibility, you could return to your previous income even sooner.
- If you don't live in a Medicaid-expansion state, you can get covered immediately by moving to one, like [this Idaho family did](#).
- If you're pregnant, you can get exchange coverage for both you and your child effective the [day your child is born](#). You can enroll while you recover in the maternity ward. If you prefer immediate coverage for prenatal care and such, you can use one of the above strategies to enroll in Medicaid.
- [Newly married couples](#) can get exchange coverage beginning the first day of the month following their nuptials, or even sooner. Just as some married couples get "[Medicaid divorces](#)" to qualify for government nursing-home subsidies, we may soon see uninsured singles with a sudden need for coverage entering into "Obamacare marriages," and then divorcing when they become eligible to enroll on their own in January.
- If you [move to another state](#), or even within your own state, you can get exchange coverage beginning in about a month or less.
- If you're under age 26, you may be able to get coverage before January under a parent's health plan.

Los Angeles Times columnist Michael Hiltzik adds you can also get exchange coverage immediately by "get[ting] yourself fired." But then he falsely accuses me of "advis[ing] Americans not to sign up for Obamacare because there's no downside to going without coverage."

Are you kidding me? I *want* people to have stable, secure health insurance. I oppose Obamacare because it creates so many incentives for people to free-ride that insurance markets could collapse.

Before Obamacare, the downside of being uninsured was the small risk you might face a *lifetime* of unpaid medical bills. Hiltzik concedes the worst-case scenario under Obamacare is that you would need to cover a few months of medical bills.

The more Americans figure out that Obamacare has made free-riding safer than ever, the more exchange enrollments will fall, posing a serious threat to Obamacare's future.

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