

Obama's War on the Young

Republicans should seize an opportunity as his policies crush young people.

By: Michael Tanner – May 15, 2013

According to recent polls, younger Americans are increasingly disillusioned with government and cynical about the political process. Maybe they will finally realize that they are being played for patsies by the Obama administration. After all, on issue after issue, President Obama has fed younger voters a steady diet of high-minded rhetoric and then delivered policies that leave them holding the bag.

The most recent example is Obamacare.

For one, in order for the president's health-care law to work properly, large numbers of young people will have to buy insurance. Those young and healthy individuals, with their low claims costs, are needed in the insurance pool in order to offset the expected inflow of sick people. The law prohibits insurers from denying coverage to people with "preexisting conditions," that is, those who are already sick. Those newly enrolled sick will make the overall insurance pool more costly, and unless those costs are offset by an equal inflow of the young and healthy, we are likely to see an adverse-selection "death spiral," in which sick people in the insurance pool drive up premiums, causing the healthiest members of the pool to drop out. The pool then becomes even sicker, leading to still higher premiums. The healthiest remaining participants drop out, and so on, until the entire market collapses.

As noxious as the individual and employer mandates are, the penalties — or taxes, according to Justice Roberts — are too low to force participation, which has the administration worried.

As Ezekiel Emanuel, the brother of Rahm, and one of the principal architects of the Affordable Care Act, wrote in the *Wall Street Journal*, if young people don't participate in Obamacare in large numbers, it "could start the negative, downward spiral of exchanges full of the sick and elderly with not enough healthy people paying premiums."

At the same time, Obamacare's "community rating" provisions prohibit changing premiums based on health status and limit the degree to which insurers can charge based on age. Insurers cannot charge their oldest customer more than three times as much as their youngest, despite the fact that those older customers typically cost six times more in claims. Thus, premiums will rise more slowly or may even be lower for older and sicker individuals, but will shoot up for young people. In fact, a study in the American Academy of Actuaries' magazine found that 80 percent of young adults aged 18–29 in the individual market and not eligible for Medicaid will face higher costs, even after exchange subsidies.

Even HHS secretary Kathleen Sebelius admits that "some of the older customers may see a slight decline, and some of the younger ones are going to see a slight increase." Or, not

so slight. According to a survey by the American Action Forum, healthy young people in the individual or small-group insurance markets can look forward to rate increases averaging 169 percent.

Under Obamacare, then, young people have to pay far more than is actuarially fair in order to subsidize premiums for those who are older and sicker. There is an added irony to this, given that those younger Americans are actually less likely to be able to afford higher premiums.

It's not just Obamacare that will leave young people paying more. The president's big-spending is also being charged to their credit card.

Each young American currently owes at least \$53,242 as his share of our national debt. And if one throws in the unfunded liabilities of Social Security and Medicare, that debt rises to as much as \$401,000 for each of them. (That sort of puts their college loans in perspective, doesn't it?)

Moreover, that debt might be a bit hard to pay off, since young people are having a very tough time finding a job in Obama's economy. Overall unemployment in this country may finally be improving — albeit slowly — but unemployment among those under age 30 hovers around 13 percent, nearly twice as high as for the population at large. This is particularly damaging since research shows that workers who are unemployed as young adults lose valuable work experience and opportunities to develop skills. As a result, youth unemployment can lead to lower wages for many years even if young people do find a job. And many young people who are working are in low-paying jobs or jobs unrelated to their college degree.

By all accounts, the president remains personally popular with younger voters, a group he won by 23 percentage points in 2012. With a few exceptions, such as Rand Paul, Republicans have done little to reach out to these voters. Besides, young people are unlikely to respond to Republicans as long as the party resembles a cross between their curmudgeonly grandfather and the preacher from *Footloose*.

But there is an opening here. Despite their recent voting patterns, there is no reason to presume that young people will inevitably vote liberal or Democratic. If the GOP can bring itself to become more open, welcoming, and (especially) tolerant, it might find an audience willing to listen.