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# Obamacare: No free lunch

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In 1850, the French economist Frederic Bastiat wrote "That Which Is Seen and That Which Is Not Seen," in which he noted that, while politicians liked to trumpet the visible benefits of their largess, there were often unseen costs and consequences that resulted from those policies.

It is a lesson that politicians should heed today.

Take, for example, Obamacare. The president loves to cite the fact that college students are now able to stay on their parents' policies until age 26. This has undoubtedly made it easier for some students to get or keep insurance coverage. But the additional coverage is not free. In fact, according to the Department of Health and Human Services, the cost of continuing coverage from 18 to 26 could run as high as $3,400 per child per year. Much of that additional cost is passed back to companies that provide insurance coverage to dependents of their employees.

The predictable result: Companies are dropping dependent coverage altogether. Among them is one of the largest union-administered health-insurance funds in New York, SEIU United Healthcare Workers East, which is now dropping dependent coverage for 30,000 workers. Ironically, the fund had previously covered nearly 6,000 workers' children, some up to age 23. Those students, along with other spouses and children, are now out of luck.

And what about students whose parents don't receive dependent coverage at work, and who can't afford to pay the additional cost themselves? Many of them used to be able to get coverage through their college. But new rules and regulations under Obamacare are forcing many colleges to discontinue their coverage or to dramatically raise premiums.

For example, Lenoir-Rhyne University of Hickory, N.C., the University of Puget Sound in Tacoma, Wash., and Cornell College in Mount Vernon, Iowa, are all dropping school-sponsored plans starting in the fall. The colleges said that Obamacare's regulations would have driven up students' premiums tenfold. And, Bethany College in Lindsborg, Kan., was forced to raise the premium on the plan it offered students from $445 to more than $2,000 to pay for the new level of coverage required by the health-care law.

The Obama administration's requirement that insurance include contraceptive coverage is also causing Catholic universities to drop student coverage. Already, Franciscan University of Steubenville in Ohio, and Ave Maria University in Florida have recently dropped their student plans.

The president is not going to be talking about those students who have lost their health insurance because of his policies.

Similarly, another provision of Obamacare that the president frequently talks about is a ban on insurers' discriminating against preexisting conditions for children. (The provisions for children have already taken effect, while the preexisting condition provisions for adults don't start until 2014). Not surprisingly, this encouraged parents with sick children to rush to sign them up for coverage. Good for them. But parents with healthy children were less likely to get coverage, especially since the inflow of sick children drove up premiums. Faced with this "adverse selection death spiral," insurers in 20 states have responded by discontinuing "child only" insurance coverage. Thus, thousands of parents will now either have to purchase much more expensive family coverage or else forgo insurance for their children altogether.

Millions of workers may also soon find themselves uninsured, or at least dumped off their current employer plan. A new survey by Deloitte released this week suggests that at least 10 percent of employers plan to drop their coverage in the next couple of years as a result of Obamacare. And, it could be worse: A separate survey by McKinsey & Company put the number of companies considering dropping their coverage as high as 30 percent. Of course many of the workers will be able to get coverage and possibly subsidies through the exchanges, but they will certainly face fewer choices and higher prices.

Nor should we forget that across the country there are people who are not being hired or, worse, are being laid off, because employers cannot afford the cost of insurance, especially since Obamacare has not only failed to curb rising insurance costs, it has already added 2–3 percent to premium prices. These unemployed workers are more of the unseen victims of Obamacare.

This is a lesson that goes well beyond Obamacare. Politicians often act as though government programs are cost free. President Obama, in particular, seems to believe that government intervention comes without any down side. Regulations do only good. Taxes don't harm anyone — except maybe a few rich people, and they don't count anyway. But there are always costs and unexpected consequences. Those costs and consequences may not be as easily seen as the goodies that government distributes, but they are no less real.

Or as another great economist, Milton Friedman, put it two hundred years after Bastiat, "There's no such thing as a free lunch."