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ObamaCare extortion

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The mobster walks into an office. "Mighty nice insurance company you have here," he muses. "Be a shame if anything happened to it." Shortly thereafter the business owner "voluntarily" hands over a payment for "protection."

The Obama administration didn't quite pull a page from the Sopranos last week -- but it came awfully close.

Faced with the fact that the new health-care law was driving up insurance premiums, Health and Human Service Secretary Kathleen Sebelius warned that the administration would have "zero tolerance" for anyone who blamed them for those price hikes.

Insurance companies that persist in telling the truth could face dire consequences. "We will not stand idly by as insurers blame their premium hikes . . . on the requirement that they provide consumers with basic protections," she wrote in a letter to the insurance industries' trade association.

At the very least, she noted "bad actors" could be excluded from new government-run health-insurance exchanges that will begin operation in 2014 under the law. That could cost insurers as many as 30 million customers nationwide. People also might not be able to use government subsidies to buy insurance from companies that don't toe the administration line. What's next? Only companies that write checks to the Democratic National Committee can participate? Have too many employees contribute to the wrong candidate, and you get a visit from the insurance commissioner?

Well, at the risk of sleeping with the fishes, let's be clear about what ObamaCare means for insurance costs. The new health-care law requires insurers to provide coverage even for people who are already sick and forbids them from charging sick people higher premiums than healthy people. It requires all insurance plans to include a host of added benefits and prohibits insurers from capping how much they pay out over a year or a lifetime.

One can argue about whether or not these new rules are good things or the best way to deal with such issues as preexisting conditions. But one can't argue with the fact that insurers aren't going to do these things for free. There is no such thing as a free lunch. If you're going to require insurers to cover more expensive customers and provide more benefits, it's going to cost more.

Making matters worse, ObamaCare utterly fails to control rising health-care costs. In fact, a new report from the government's own actuaries concludes that total US health-care spending will rise *faster* as a result of the new law than if we had done nothing.

The result is that insurance premiums will jump as much as 9 percent next year, especially in the individual and small-group markets. Some customers could see hikes of 20 percent or more.

It's not like the Obama administration couldn't see this coming. New York implemented many of the same insurance rules in 1983. The next year, premiums rose by nearly $500 per policy, resulting in nearly 500,000 New Yorkers dropping their insurance.

Massachusetts under RomneyCare, which is nearly identical to the new national law, has seen its premiums rising at nearly double the national average. The state has resorted to price controls, leading insurers to threaten to leave the state or stop writing policies.

Shortly before ObamaCare passed, the Congressional Budget Office warned that insurance premiums overall would nearly double in the next six to 10 years after passage of ObamaCare, roughly the same increase as if we hadn't passed health-care reform. But those who buy health insurance on their own, rather than receiving it at work, could see premiums rise 13 percent faster as a result of the new law. Other studies, including those by the Rand Corporation, suggested that younger and healthier workers could see even bigger premium hikes.

Now those warnings are coming true. And the Obama administration wants to punish anyone who points it out.

Of course, the insurance companies have only themselves to blame. In pursuit of those subsidies and a mandate that every American would have buy their products, they were only too happy to get in bed with big government.

But for the rest of us, the administration's insurance-protection racket provides an important lesson. As Gerald Ford once warned, "A government big enough to give you everything you want, is big enough to take away everything you have."

That's a lesson Tony Soprano understood.

Michael Tanner, a Cato Institute senior fellow, is co-author of "Healthy Competition: What's Holding Back Health Care and How to Free It."