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## A \$100 Billion Solution to a \$43 Billion Problem

Peter Suderman | December 15, 2010

As Jacob Sullum noted earlier, Health and Human Services Secretary Kathleen Sebelius and Attorney General Eric Holder have attempted to justify ObamaCare's mandate by saying that it is a response to the expense of cost-shifting that occurs as a result of uncompensated care. Judge George Steeh, the Michigan judge who ruled the mandate constitutional under the Commerce Clause, agreed, writing the following in his ruling last October:

Far from “inactivity,” by choosing to forgo insurance plaintiffs are making an economic decision to try to pay for health care services later, out of pocket, rather than now through the purchase of insurance, collectively shifting billions of dollars, \$43 billion in 2008, onto other market participants.

Writing for the Cato Institute, Cal State economist Glen Whitman has taken issue with the mandate's logic, arguing that “It's wrong to say we solve' the free-rider problem if all we're doing is paying for the free riders in a different way.” But even if cost-shifting is the problem, then the administration's solution does not line up with the costs.

As Steeh notes, recent government estimates suggest that the total cost of uncompensated care in 2008 was about \$43 billion. But the cost of the PPACA is estimated to be around \$100 billion a year (and that's if the subsidized health insurance exchanges are not flooded with a larger number of participants than currently expected). So we've replaced a \$43 billion problem with a \$100 billion solution.