



Reaping ObamaCare's Rewards, Insurers Come to Its Aid

By [Michael Tennant](#)

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“Since the Affordable Care Act was enacted in 2010,” wrote the *New York Times*' [Robert Pear](#), “the relationship between the Obama administration and insurers has evolved into a powerful, mutually beneficial partnership that has been a boon to the nation's largest private health plans and led to a profitable surge in their Medicaid enrollment.”

It's not hard to see why insurers are happy with the present state of affairs under ObamaCare. They did, after all, have a large hand in crafting the Affordable Care Act (ACA), and thus many of its provisions naturally favor them. “Indeed,” observed the *Washington Post*'s [Jennifer Rubin](#), “the individual mandate is the greatest single act of corporate welfare in memory: The government uses the power of the state to force Americans to become insurance customers and then throws in a subsidy that underwrites the cost of insurance coverage.” On top of that, through the ACA's “risk corridors,” insurers “again get taxpayer cash if the exchanges wind up skewed by adverse selection and their costs rise,” she added. In other words, it's heads, Big Insurance wins; tails, everyone else loses.

“Insurers and the government have developed a symbiotic relationship, nurtured by tens of billions of dollars that flow from the federal Treasury to insurers each year,” Michael Cannon, director of health policy studies at the Cato Institute, told the *Times*.

In fact, the government is well on its way to becoming the insurance industry's single largest customer. “Insurers say government business is growing much faster than the market for commercial employer-sponsored coverage,” noted Pear, and already it accounts for over 40 percent of some major insurance companies' revenues. The Congressional Budget Office projects that by 2023, more Americans will get their health coverage through Medicare, Medicaid (largely managed by private insurance companies through state contracts), and the subsidized insurance exchanges than through their employers. And if Americans think having employers call the shots with regard to their healthcare is bad now, just wait till they get a taste of the bureaucrats' medicine.

Big insurers are already benefiting from this state of affairs. “Since Mr. Obama signed the law,” Pear reported, “share prices for four of the major insurance companies — Aetna, Cigna, Humana and UnitedHealth — have more than doubled, while the Standard & Poor's 500-stock index has increased about 70 percent.”

In return, insurers are only too happy to stroke the hand that feeds them. After Healthcare.gov's disastrous opening last year, insurers waived enrollment deadlines; and one of them,

UnitedHealth Group, actually lent the Obama administration a hand in fixing the website. (After all, if people couldn't sign up for coverage, UnitedHealth wasn't going to get new subsidized customers.) Insurers have assisted the administration in defending the ACA in court. Today, insurers and government agencies are both urging consumers to sign up for exchange coverage during the enrollment period, and the industry is supplying experts to help run ObamaCare — and, not coincidentally, steer more goodies its way. “Eight months after the unit of UnitedHealth Group, called Optum, helped repair HealthCare.gov, the administration hired a top Optum executive, Andrew M. Slavitt, as the No. 2 official at the Centers for Medicare and Medicaid Services,” penned Pear. “The administration waived conflict-of-interest rules so Mr. Slavitt could participate in decisions affecting UnitedHealth and Optum.” One begins to suspect that Obama's earlier pose as the white knight slaying the dragon of Big Insurance for the benefit of the peasants was just that: a fairy tale playing on “the stupidity of the American voter,” in the now-infamous words of ObamaCare architect [Jonathan Gruber](#).

With insurers reaping handsome rewards from the ACA and assisting the administration in managing its tangled web of taxes, mandates, and regulations, they “may soon be on a collision course with the Republican majority in the new Congress,” Pear suggested. The GOP, whether out of partisanship or on principle, has been unalterably opposed to ObamaCare from the outset, and congressional leaders have vowed to repeal it. But, wrote Pear, insurers “have built their business plans around the law and will strenuously resist Republican efforts to dismantle it,” even — perhaps especially — piecemeal efforts such as repealing the individual mandate or the risk corridors, since, as Rubin pointed out, “the massive transfer of wealth only works when billions in taxpayer money gets [sic] shifted to mega-corporations.”

“Will health insurers resist [ACA repeal], focused on consolidating their Obamacare gains, or will they accept the need for real reform?” asked *Forbes* contributor [John Graham](#). Although Graham believes “there is hope,” he also notes that “Obamacare is motivating health insurers to consider other harmful policies,” including “endorsing price or profit controls on research-based pharmaceutical firms.” Such are the corrosive effects of all public-private partnerships: The private slowly but surely becomes the public, seeking to profit not by satisfying consumers but by employing the power of the state.

“It is both good politics and good policy to end this incestuous relationship,” Rubin advised the incoming Congress. True, but it is also “good politics” for some people to stay on the good side of Big Insurance, which contributes heavily to both Democrats and Republicans. Will the GOP side with taxpayers or with mammon? Only time will tell.