

THE ORANGE COUNTY REGISTER

Editorial: California, here comes Obamacare

2010-08-27 14:25:30



Gov. Arnold Schwarzenegger soon may sign two bills politicians claim will provide affordable health insurance to millions. Actually, they would create a bureaucracy to launch onerous Obamacare mandates that will drive up costs, reduce and ration health care and likely result in one-size-fits-all coverage from the federal government.

One bill to create a state government health care exchange, and another to dictate how it operates, will soon be on the governor's desk. They establish an Internet-based menu for consumers to choose coverage from participating companies by comparing benefits and premiums.

It sounds like a free market, but isn't. Government bureaucrats – not consumers – will determine which insurers participate, how much they must charge and what coverage they must provide.

The exchange is intended to serve 8 million individuals and small businesses by pooling their numbers to give them clout when negotiating lower prices, similar to that of large employers. That's a canard. It will be the government, ultimately, setting prices, and that eventually leads to insurers leaving the market or going out of business, free-market health care experts contend. We agree.

Ultimately, California's exchange won't even be a state program. "The rules will be written in Washington," Michael Cannon, director of health care studies at the libertarian Cato Institute, told us.

Health care expert Sally Pipes, president of the Pacific Research Institute, said Obamacare's goal is to make insurance coverage so uneconomical insurers will leave the market. Then, said Ms. Pipes, the stage will be set for a government-run system.

Nonetheless, Mr. Cannon said California's exchange bureaucracy, which would be the nation's first under Obamacare, is futile. "It's foolish to set up an exchange to comply with a law that might not exist," he said. Even left-leaning scholars predict several lawsuits seeking to block Obamacare may prevail, especially those challenging the mandate that Americans must buy insurance. Legal challenges, or perhaps a new Republican-controlled Congress to turn off funding, will take time.

There is an alternative to rigid mandates: a private exchange in which individuals can shop for coverage without government's interference or market-skewing regulations. "We've already got one," Mr. Cannon said. "The Internet."

But until government regulators revoke mandates and permit purchasing insurance across state lines, that, too, isn't a real free-market that can satisfy health care needs of small businesses and individuals.

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