

# The ObamaCare Plantation



Written by Greg Scandlen

FRIDAY, 11 JUNE 2010 01:01

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The impact of ObamaCare is already showing up in some pretty disturbing ways. A new insurance company founded by our friend Paul Kitchen in Virginia has announced it will close its doors. This is a pity because we need more competition, not less in the insurance market. The company, nHealth, was off to a great start. The original idea was to replicate the original Blue Cross model and provide coverage only for hospital inpatient care. It was able to offer substantially lower premiums than other carriers in Virginia.

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But innovation is now officially dead in health insurance. And not just innovation, but new competition of any sort. It is impossible for a start-up company to comply with the loss ratio standards in ObamaCare. There are substantial costs in building and promoting a new company and it takes a while before claims start coming in. A start-up company will collect premiums today, but not have any claims to pay for a year or so. It will not be paying out 80% of its premiums for some time.

Indeed, the federal government will not hold itself to the same standard. Part of ObamaCare is creation of "The Class (Community Living Assistance Services and Supports) Act" which establishes a new federal insurance company to pay for long term care. This company will begin collecting premiums of about \$150/month per worker, probably in 2012, but it won't start paying claims for five years after that. So, for five years its "medical loss ratio" will be zero.

One standard for the federal government, another standard for everyone else.

Another start-up company I have long admired is eHealthInsurance.com, now known simply as eHealth. I have referred hundreds of people to this site and found my own health insurance on it. It is easy to use and provides very comprehensive information on insurance options.

But Bill Boyles of the Consumer Driven Market Report writes that eHealth is the front-runner to get the federal contract to manage the "national health plan web portal starting July 1, 2010." So suddenly this company will have only one client, the federal government. It will no longer have to please me as a consumer as long as it pleases the federal government. If I don't care for the service, there is

nowhere else I will be able to go.

Welcome to the ObamaCare plantation where there is only one master.

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**Greg Scandlen** is an independent health care analyst in Hagerstown, Maryland. He has over 30 years experience in health policy, especially in health care financing.

He started in the research department at Blue Cross Blue Shield of Maine in 1979, was recruited by the BCBS Association to go to Washington to work on state affairs in 1984.

Disturbed by the growth of managed care, he left the Blues in 1991 to organize the Council for Affordable Health Insurance where he succeeded in help to get Medical Savings Accounts enacted. Once enacted, he went into independent consulting to help businesses adopt MSAs. He then did stints at the Cato Institute, the National Center for Policy Analysis, the Galen Institute, and finally organized Consumers for Health Care Choices in 2004, which is now a project of the Heartland Institute.

Throughout his career Mr. Scandlen has been an advocate of patient empowerment, consumer choice, and increased competition. He is widely published, gives about 30 speeches a year, and has been interviewed in many broadcast and print media outlets. His core insight is that most of the problems in the health care system stem from excessive reliance on third-party payment, and the solution lies in allowing health care consumers to control their own resources to purchase the services they value.

Videos of some of his presentations are available at -

Scandlen at SEPP in Pittsburgh

[http://www.youtube.com/watch?v=o\\_Wx9btnKZg](http://www.youtube.com/watch?v=o_Wx9btnKZg)

<http://www.youtube.com/watch?v=Qk5TvQza7Tc>

<http://www.youtube.com/watch?v=WeLWjARZb-o>

[http://www.youtube.com/watch?v=hTn\\_GQsBxSO](http://www.youtube.com/watch?v=hTn_GQsBxSO)

<http://www.youtube.com/watch?v=RjFZcBJwIts&feature=related>

Scandlen at Congressional Briefing

<http://www.youtube.com/watch?v=gKDqrc0AZ1M>

Scandlen at ATR Briefing

<http://www.eyeblast.tv/public/video.aspx?v=Gd4zDkVruz>

Scandlen at St. Mary's College (17:50 into it)

<http://www.youtube.com/watch?v=UjQ8K57NEVY>

Scandlen at nHealth

[http://www.youtube.com/watch?v=9ZosshUbe\\_k](http://www.youtube.com/watch?v=9ZosshUbe_k)

<http://www.youtube.com/watch?v=QatontcyvFg&feature=related>

Scandlen at World Congress

<http://www.icyou.com/events/3rd-annual-consumer-centric-healthcare-congress/greg-scandlen-consumers-healthcare-choices-0>