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How Much Will You Pay for Health Care? The Answer is MORE!

by Carrie L. Lukas
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There's a lot of debate about just how much more the average American family will have to pay for health insurance if Obamacare becomes law. James Capretta has a good overview of some of the most recent estimates:

Over the Thanksgiving break, MIT economist Jonathan Gruber released a short paper in which he claimed the Reid bill would reduce premiums for people buying insurance in the individual market. It was clear from a story in Politico that the Obama White House was gearing up to argue the Gruber analysis was proof positive of the virtues of the Senate legislation. Unfortunately for Team Obama, Gruber's paper was quickly shot down by a new study from the Congressional Budget Office (CBO). CBO estimates that the Reid bill would drive premiums up, not down, in the individual market - by 10 to 13 percent compared to current law. For family coverage, the Reid bill would increase premiums by, on average, \$2,100 in 2016, according to CBO. So much for the argument that Obamacare will cut premium costs across the board. It clearly won't.

Capretta goes on to describe how the CBO is likely painting too rosey a scenario by under-estimating the number of people who will opt to have no insurance-in spite of the individual mandate-and pay the penalty, rather than pay overpriced premium prices. It's not a bad option, particularly since insurance companies have to take you, even if you wait to buy insurance until you are actually sick. Robert Costa also has a good round up of more estimates of just how much more you'll be paying under a new government-run regime.

Some of this gets pretty technical, since there are many factors at play. But I think that common sense tells you a little bit about how much you'll be paying: and the answer is more! The government is about to set a minimum for what insurance packages must contain so anyone who has a package less comprehensive than that is going to be forced to buy more (think of it as someone accompanying you to the grocery store and saying "sorry, you have to have (and pay for) all these vegetables"). Government is also about to outlaw insurance companies from taking (or fully considering) relevant factors into account-like age, health condition, and gender--when pricing policies. That means that some-particularly older consumers and those with pre-existing conditions--will get to pay less, but most people are going to

pay more. And let's remember that while the media applauds recent bills for coming close to the President's \$900 billion price limit and talk about it as being "paid for," it is being paid for by you! Yes, the government "pays for it," by cutting Medicare services and hiking up taxes.

The analysts will quibble about exactly how much more a specific aspect of this will cost-how much more will the average insurance premiums in the individual market cost?--and it's important stuff. But let's not lose sight of the big picture: This is a monster of a bill and all of us are going to be paying for it big time. It may not be your family's premiums, but then it will may be your tax bill, or the lost job opportunities that result from businesses having to spend more for every worker.

Also, we don't have to just rely solely on analysts' estimates. We can take a good look at what's happened in Massachusetts, where the state adopted a version of Obamacare. And, as the Cato Institute's Michael Tanner writes, in Massachusetts, "[p]remiums are growing 21 to 46 percent faster than the national average," and the whole program is costing the state way more than initial government estimates.

Shocking, the analysts got it wrong. Common sense would have served the public much better.