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Obama Offers Up a Free Lunch

by Carrie L. Lukas
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The Cato Institute's Michael Tanner has a great piece describing the many ways that we are going to end up paying for all the "free" health care that President Obama and Democrats in Congress are offering. He writes:

For example, the president wants to require insurance companies to cover people with pre-existing conditions, that is, people who are already sick. Doing so will cost money. And where will that money come from? Insurance companies will simply raise premiums for the rest of us.

Similarly, the president would mandate that all insurance plans provide a new government-designed minimum benefits package. In addition to the usual coverage for hospitalization, physician services and so on, all insurance plans would also have to include coverage for prescription drugs, rehabilitation services, mental health and substance-abuse treatment; preventive services and maternity, well-baby, and well-child care, as well as dental, vision, and hearing services for children under age 21. If that's not enough, he would also establish a new federal commission headed by the surgeon general, which will have the power to develop additional minimum benefit requirements. There is no limit to how extensive those future required benefits may be.

Those additional benefits may or may not help consumers, but insurers are not going to provide them for free. In fact, some--like mental health and substance-abuse treatment--can add as much as 10 to 15 percent to the cost of a policy. The president would also limit the size of deductibles and co-payments and would prohibit lifetime limits on the amount of benefits that insurance companies pay.

Indeed, some estimates suggest that the president's plan could add anywhere from 75 to 95 percent overall to the cost of insurance premiums, especially for young and healthy people.

This is just a start. Read the whole piece here to learn more about the taxes, Medicare cuts, and other ways that costs will be distributed. The good news is that most people instinctively know that you can't get something for nothing. IWF's poll of women suggests just that: women aren't buying that government can save money by spending a trillion, and know that government cost projections are likely to be underestimates of the true costs.