Written by [Bob Adelmann](#) on January 13, 2012

# Obamacare, Price Controls, and Theft

She declared, "It's time for Trustmark to immediately rescind these rate [increases], issue refunds to consumers or publicly explain their refusal to do so." Under ObamaCare's usurpations of prior state law, any premium increases of more than 10 percent are to be reviewed and if determined to be unreasonable, made subject to public exposure and pressure to abide by the agency's dictates as to what is reasonable.

A spokeswoman for Trustmark, Cindy Gallaher, responded to Sebelius: "We respectfully disagree with the assumptions and conclusions drawn today by the Department of Health and Human Services. Our premiums are driven by the rising cost and increased utilization of medical services."

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Those premium increases affect about 10,000 policyholders in five states, including Alabama where Trustmark has raised its premiums by 27 percent over the last year, Arizona with raises of 18 percent, and Pennsylvania with increases of 15 percent.

At present, Sebelius can only complain publicly about Trustmark's premium increases, as ObamaCare does not yet contain the power to block those increases. The Obama administration sought such powers but failed to have them included in the law.

Some are seeing this as a harbinger of sanctions to come as other insurance companies — facing the same economic reality as Trustmark — are also forced to raise their premiums. As those sanctions are applied, the results will be predictable and inevitable: Fewer insurance companies will be able to provide health insurance protection, leaving more individuals without coverage. *Price controls always create shortages*.

If Trustmark is forced by the government to rescind its premium increases, eventually its viability as a profitable entity will end. It may decide to declare bankruptcy, or get out of the health insurance business altogether. That will leave those whom the government is allegedly trying to help without coverage. If some of them want coverage, they may find other companies able to insure them, but at higher premiums. And some of them may not be able to obtain coverage because of poor health. And so those they are trying to help are hurt.

But there is more to the question than who is helped or hurt by the immediate intervention of Sebelius. What about those potential customers whom Trustmark might have served but cannot any longer? What will happen to the cost of health insurance with fewer providers offering it? Because shortages always result from price fixing, the cost of the remaining limited supply will thus be raised.

How would the free market, if Sebelius would leave it alone, have handled Trustmark's premium increases? It is highly likely that Trustmark doesn't want to raise its premiums. Its competitors would see an advantage by keeping their rates lower and would take over some of Trustmark's policyholders. If price competition doesn't keep Trustmark's rates in line, the market will punish Trustmark just as severely as Sebelius, but without government intervention.

There's a moral side to the idea of price control as well. As noted by Lawrence Reed, "The object of price control is not really the control of … numbers and dollar signs in the economy. Price control is merely an excuse to coercively dictate the terms of trade between people." In other words, price controls are people controls. As Reed asked, "By what right does any party coercively dictate the terms of trade between others? By what twisted principle of justice is one penalized for trading with another at a mutually-agreed upon price?" Reed gives price control (or the threat of same) a severe synonym:

> Price control is a form of public theft. In the name of "the public good," the authorities are empowered to force their particular values on others. The victims are all those deprived of the opportunity to trade or to trade on terms which they regard as satisfactory. Price control… is unmistakably a hallmark of an immoral society.

The combination of government intervention into the private market to force people to conform to some rogue agency's definition of "reasonable" not only harms those they are allegedly trying to help, but accelerates the moral degradation of a society that once depended upon its own private decisions to promote its own private welfare. The cancer of collectivism infects not only the marketplace, but the morality of society as well.