



Health Insurers Going Broke, Thanks to ObamaCare

The results for 2015 are in. The losses health insurers experienced following the rollout of the so-called Patient Protection and Affordable Care Act (ACA, otherwise known as ObamaCare) in 2014 [got even worse](#). Seventy percent of insurers lost money on individual health plans, according to McKinsey and Company, the global management consulting firm. And it isn't likely to improve any in 2016.

On Wednesday Humana Inc. reported that the massive losses on its individual plans reported in 2014 worsened last year and that it is already booking \$176 million in losses for 2016. Blue Cross and Blue Shield insurers across the country paid out \$20.7 billion in claims in the first three quarters of 2015 but only received \$20.4 billion in individual plan premiums. After accounting for operating expenses and overhead costs, the result for the Blues was much worse than the prior year.

Humana went on to say that their losses were so severe that it's considering withdrawing from ObamaCare altogether: "[The company] continues to evaluate its participation in the individual commercial business for 2017." UnitedHealth Group suffered losses of \$475 million in 2015 and is projecting losses of at least another \$245 million in 2016. Consequently, it too is considering exiting the ObamaCare black hole.

Aetna lost money in 2015, as did Anthem Inc. Losses among the cooperative insurers that formed in the wake of ObamaCare have forced many of them to close their doors, even after receiving millions in relief from the Treasury.

The insurers, in explaining the losses, said they didn't charge enough in premiums, they underestimated the losses they expected, and they did not take into account the "gaming" of the system by customers who waited until they needed coverage before buying it.

What ObamaCare has done is destroy the health insurance industry. It's death is taking place on the installment plan. Picture Fred Consumer who, upon returning home from work one night, discovers that his house is on fire. The first thing Fred does is call his insurance agent to buy fire insurance coverage, and then he calls the fire department.

In simple terms, ObamaCare has turned the health insurance industry on its head. Insurers can no longer predict with any degree of certainty how many people will make claims for medical care in the future because ObamaCare requires the companies to cover pre-existing conditions. Instead of forward-looking, the insurance industry must now look backward. As Kevin Williamson, the author of *The End Is Near (and It's Going to be Awesome)*, explained:

ACA mandates that insurance companies cover pre-existing conditions, meaning events that have already happened, which renders the basic mathematical architecture of insurance — the calculation of risk among large pools of people — pointless.

Insurance ceases to be insurance and instead becomes something else, namely a very badly constructed cost-sharing program.



Written by [Bob Adelman](#) on February 11, 2016

According to one of ObamaCare's primary architects, former Senate Majority Leader Harry Reid, that is exactly what the monstrosity was designed to do: fail, leaving the path open to a single-pay, government-run health insurance system. In an interview at *Nevada Week in Review* in 2013, Reid said: "What we've done with ObamaCare is a step in the right direction, but we're far from having something that's going to work forever."

When asked by host Steve Sebelius whether that would mean a healthcare system without insurance companies being involved, he responded, "Yes, yes. Absolutely, yes."

Former Senator Tom Coburn (R-Okla.) saw it coming in 2010:

More than two years after the passage of ObamaCare, the data overwhelmingly show the law will fail to achieve its core objectives of lowering costs and improving access.

That, ironically, may have been the design. By making private insurance unaffordable by everyone, it will become available to no one. All that will be left is government-centered, government-run, single-payer health care.

Even the title of ObamaCare is fraudulent. It's not affordable, and it has nothing to do with the delivery of healthcare services. As insurance companies pull out, premiums will increase, and fewer medical providers will be available to those in need. It was based on lies and fraud from birth, as promised by President Obama:

- "If you like your doctor, you can keep your doctor;"
- Obamacare will save "the average family \$2,500 a year on their premiums;" and
- ObamaCare will add "not one dime" to the deficit.

The failure of ObamaCare, designed into the program deliberately, leaves the Democrats in a precarious position. Not a single Republican voted for it, and Republicans have attempted to repeal it numerous times. As Williamson summarized:

The fact is that Obamacare has fallen apart without Republicans' dismantling it. Almost all of its basic promises have failed, it is an economic shambles, and it is a political mess: Unsurprisingly, people still don't like it.

Less than a third of Americans support the individual mandate, three-fourths oppose Obamacare's tax on high-end health-care programs, and more voters oppose the law categorically than support it. A quarter of voters say the law has hurt them personally.

Heading into the elections ([which increasingly appear to favor a Republican president](#)) in November, ObamaCare as an issue will increasingly be a topic of conversation and concern. The discussion could hopefully lead to the chance of ObamaCare's repeal and then letting the free market do what it always does best: allocate scarce resources in the most efficient, effective and least costly way.

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