



Written by [Michael Tennant](#) on October 9, 2013

## ObamaCare Backers Mugged by Reality of Rising Insurance Rates

"Of course, I want people to have health care. I just didn't realize I would be the one who was going to pay for it personally."

These sentiments, expressed by Cindy Vinson of San Jose, California, undoubtedly echo those of millions of Americans who mistakenly believed that there really is such a thing as a free lunch — or at least free health insurance — and are now discovering to their dismay that someone always has to pay for these "freebies." In the case of ObamaCare, that someone is Vinson and others who, in the words of the [San Jose Mercury News](#), "are big believers in the Affordable Care Act [ACA] ... and are proud to say they helped elect and re-elect President Barack Obama."



Vinson, a 60-year-old retired teacher, recently found out that because of ObamaCare, her health insurance policy is being replaced with an ACA-compliant one that will cost her \$1,800 more per year.

Similarly, Tom Waschura, a 52-year-old self-employed engineer and ObamaCare supporter in nearby Portola Valley, discovered that coverage for his family of four was going up by a whopping \$10,000 a year because of the healthcare law.

"I was laughing at [House Speaker John] Boehner — until the mail came today," Waschura told the *Mercury News*.

"I really don't like the Republican tactics, but at least now I can understand why they are so pissed about this," he said. "When you take \$10,000 out of my family's pocket each year, that's otherwise disposable income or retirement savings that will not be going into our local economy."

Vinson and Waschura are just two of "16 million" Americans "who buy individual health insurance on the open market" and "are finding out that their plans may not comply with the new law, which requires 10 essential benefits such as maternity care, mental health care and prescription drug coverage," according to the *Mercury News*. "A study published last year in the journal *Health Affairs* said more than half of Americans who had individual insurance in 2010 were enrolled in plans that would not qualify [under the ACA] because they didn't meet all the new requirements."

"Many" of the 1.9 million Californians who buy individual insurance "are steaming mad," the paper added. People in [North Carolina](#) and [Kentucky](#) who are experiencing similar rate hikes aren't exactly thrilled about them, either.

Those "essential benefits" are only one of the reasons insurance costs are rising under ObamaCare, but they are a significant factor. Many people currently have insurance with high deductibles and relatively



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few benefits because such coverage is cheaper and meets their needs. A single man, for instance, has no need for maternity coverage and so would normally choose insurance without it; under ObamaCare, he has no choice but to buy it — at added expense.

An even bigger factor in the increased cost of insurance is ObamaCare's twin mandates of "guaranteed issue" and "community rating." Under the ACA, insurers must issue policies to all applicants regardless of pre-existing conditions, and they must not charge different rates to policyholders on the basis of their health. In addition, older people, who tend to collect about six times the benefits of younger people, may be charged only [three times](#) as much for equivalent coverage. The law also places limits on beneficiaries' out-of-pocket expenses while prohibiting insurers from imposing annual or lifetime benefit caps.

This works out beautifully for those with chronic conditions or advanced age, especially if they are also eligible for ObamaCare's taxpayer subsidies. The *Mercury News* highlighted the case of 64-year-old Marilyn Gray-Raine, an artist in Danville, California. Gray-Raine, a breast cancer survivor, is currently paying \$1,298 a month for health insurance, up from \$317 a month in 2005. Next year, under the ACA, she'll be able to get coverage for about \$795 a month — a significant reduction.

"Obamacare is a huge step in the right direction for those of us without employer coverage," she told the newspaper, adding that she hopes everyone will "join in and make this new legislation a success for all."

But someone is going to have to make up the \$500 difference between Gray-Raine's current premium and the one she'll be paying next year. That's where the young, healthy, and reasonably well-off enter the picture. Those who present few risks to insurers and should therefore be paying relatively low premiums will find their rates skyrocketing to make up for those who are getting a government-mandated break on their premiums. Those who earn more than 400 percent of the federal poverty level, such as Vinson and Waschura, will have to foot the entire bill for their own coverage because they are ineligible for subsidies. To add insult to injury, they will be also forced to pay higher taxes to subsidize other people's already lower premiums.

"The upper-middle class are the people who are essentially being asked to foot the bill, and that's true across the country," Jonathan Wu, cofounder of consumer-finance website ValuePenguin, told the *Mercury News*.

Many of those upper-middle class folks voted for Obama and thought ObamaCare was a wonderful idea at the time it was passed. Now they're finding out that many of the criticisms leveled at the law by its opponents were well-founded. Still, they aren't all quite ready to concede that the government can't legislate away the law of supply and demand.

"I'm not against Obamacare," Waschura told the *Mercury News*. "It's just the initial shock. I'm holding out hope that there will be a correction over a handful of years."

The only way to correct the ACA is to repeal it. Anything else leaves some of its unconstitutional and economically unsound provisions in place, opening the door to further federal intervention. Absent such a correction, Waschura, Vinson, and millions of other Americans will find their insurance premiums and taxes rising rapidly and their healthcare quality and liberties diminishing at a corresponding rate.



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