



Written by [Michael Tennant](#) on September 11, 2010

ObamaCare Brings Insurance Rate Hikes

In March Congress passed, and Obama signed, the legislation. Today, [says the Wall Street Journal](#), health-insurance premiums are not falling but rising, probably as a direct result of the passage of ObamaCare.



Writes the *Journal*: “Aetna Inc., some BlueCross BlueShield plans and other smaller carriers have asked for premium increases of between 1% and 9% to pay for extra benefits required under the law, according to filings with state regulators.”

“These and other insurers,” adds the newspaper, “say Congress’s landmark refashioning of U.S. health coverage ... is causing them to pass on more costs to consumers than Democrats predicted.”

Among the provisions in the law that insurers say are leading to rate increases, according to the report: “letting children stay on their parents’ insurance policies until age 26, eliminating co-payments for preventive care and barring insurers from denying policies to children with pre-existing conditions, plus the elimination of [lifetime and some annual] coverage caps.”

The White House, naturally, blames insurance companies for using the law as an excuse to raise premiums. While that’s certainly a possibility, the companies are, for the most part, making relatively modest claims about the portions of their increases that can be attributed to ObamaCare, as the *Journal* explains:

Aetna, one of the nation’s largest health insurers, said the extra benefits forced it to seek rate increases for new individual plans of 5.4% to 7.4% in California and 5.5% to 6.8% in Nevada after Sept. 23. Similar steps are planned across the country, according to Aetna.

Regence BlueCross BlueShield of Oregon said the cost of providing additional benefits under the health law will account on average for 3.4 percentage points of a 17.1% premium rise for a small-employer health plan. It asked regulators last month to approve the increase.

In Wisconsin and North Carolina, Celtic Insurance Co. says half of the 18% increase it is seeking comes from complying with health-law mandates.

Most of these rate increases apply to policies issued to individuals and small businesses — the very people Democrats claimed would be most helped by ObamaCare. The *Journal* reports that “about 9% of Americans buy coverage through the individual market, according to the Census Bureau, and roughly one-fifth of people who get coverage through their employer work at companies with 50 or fewer employees, according to the Kaiser Family Foundation.” That makes for a sizable number of voters whose insurance rates could be going up because of ObamaCare — hardly welcome news for a political party already struggling in the polls.

The rate hikes should not be surprising. As Karen Ignani, president of America’s Health Insurance Plans, the lobbying group for the insurance industry, put it, “Anytime you add a benefit, there are increased costs.” This is so obvious that only politicians could overlook it.

Furthermore, since ObamaCare is just RomneyCare writ large, one would expect it to generate similar results on a nationwide scale. Massachusetts, says the *Journal*, “also has seen steadily rising insurance premiums since” enacting RomneyCare. “Proponents of that plan attribute the hikes there to an overall



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increase in medical costs, while insurers cite it as a cautionary example of what can happen when new mandates to improve benefits aren't coupled with a strong enough provision to force healthy people to buy coverage." In other words, people in Massachusetts are waiting until they need treatment to purchase insurance, then dropping it shortly thereafter. Their premiums, therefore, cannot even come close to their benefits, and insurers are forced to raise rates to make up the difference.

ObamaCare is likely to have the same effect; and if the insurance companies who are raising their rates are telling the truth, it already is having that effect. The problem will not be solved either by price controls to prevent medical costs from rising or by a stronger mandate to purchase insurance, both of which involve serious threats to liberty and will only backfire as they try to repeal the law of supply and demand.

The solution is to repeal ObamaCare and all the rest of the laws and regulations that interfere with a free market in healthcare. The market provides food, clothing, automobiles, and other essentials of modern life at affordable prices for nearly every American; even the poorest among us often live better than kings of yore. There is no reason that the market cannot do likewise for healthcare, as it did before the government started interfering. Laughter may be the best medicine, but freedom is surely a close runner-up.



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