Under ObamaCare, It's Quit Smoking or Pay the Price — Literally

Smokers who thought they were getting a sweet deal from ObamaCare may want to think twice before lighting up again. According to the Associated Press, one of the many well-concealed provisions of the bill that then-House Speaker Nancy Pelosi (D-Calif.) said Congress had to pass "so that you can find out what's in it" could make health insurance cost up to 50 percent more for Americans with cigarette habits — especially longstanding ones.

The law, known as the Patient Protection and Affordable Care Act, was — as its name implies — ostensibly designed to make health insurance affordable to Americans. It prohibits insurers from turning down or charging more to individuals with pre-existing conditions and even certain conditions (such as obesity) that increase the risk of health problems.

However, the one condition that the law does *not* protect from high insurance rates is nicotine addiction — despite the fact that smoking is associated with a number of serious health problems including heart disease and lung cancer. In fact, it specifically permits insurers to charge higher rates to older smokers than to nonsmokers or even younger smokers. Under the law, older adults in general may be charged up to triple what younger ones are charged (which could end up harming the young by hiking their rates). Smokers may, in addition, be charged up to 50 percent more than nonsmokers for their coverage, but younger smokers may be hit with a lesser penalty than older ones. Plus, the subsidies the government provides to offset the cost of insurance purchased on the individual market cannot be applied to the smoking penalty.

Just how expensive could insurance for older smokers become under ObamaCare? The AP ran the numbers:

> Take a hypothetical 60-year-old smoker making $35,000 a year. Estimated premiums for coverage in the new private health insurance markets under Obama's law would total $10,172. That person would be eligible for a tax credit that brings the cost down to $3,325.

But the smoking penalty could add $5,086 to the cost. And since federal tax credits can't be used to offset the penalty, the smoker's total cost for health insurance would be $8,411, or 24 percent of income. That's considered unaffordable under the federal law. The numbers were estimated using the online Kaiser Health Reform Subsidy Calculator.

"The effect of the smoking (penalty) allowed under the law would be that lower-income smokers could not afford health insurance," said Richard Curtis, president of the Institute for Health Policy Solutions, a nonpartisan research group that called attention to the issue with a study about the potential impact in California.

These rules apply only to those buying insurance on the individual market. Those obtaining coverage through their employers can escape the penalty "by joining smoking cessation programs," says the AP.

There is no way to avoid the potential for the penalty altogether, which should not be surprising since the law practically demands that everyone kick the habit or be subjected to [“behavior modification.”](#)

In so decreeing, the federal government took on no small task. About 20 percent of American adults smoke. “That share,” writes the AP, “is higher among lower-income people, who also are more likely to work in jobs that don’t come with health insurance and would therefore depend on the new federal health care law.”

With insurers already being forced to accept individuals with pre-existing conditions at (presumably) below-market rates, they will have a strong incentive to price out of the market anyone else who might prove costly.

“If you are an insurer and there is a group of smokers you don’t want in your pool, the ones you really don’t want are the ones who have been smoking for 20 or 30 years,” Karen Pollitz, an expert on individual health insurance markets with the Kaiser Family Foundation, told the AP. “You would have the flexibility to discourage them.”

Making their insurance cost significantly more would certainly be a discouragement. But would insurers really charge the full 50-percent penalty?

“If you don’t charge the 50 percent, your competitor is going to do it, and you are going to get a disproportionate share of the less-healthy older smokers,” consultant and former health-insurance executive Robert Laszewski told the AP. “They are going to have to play defense.”

States are permitted to limit or change the penalty, but doing so is only likely to exacerbate the problem of forcing insurers to accept high-risk individuals at the same rates as low-risk ones. The smoking penalty at least helps mitigate that to some degree, though insurers may well use it to recoup the cost of treating others paying below-market premiums, unfairly burdening smokers.

In a free market, of course, insurers would have the option of turning down individuals who might prove costly or of charging them rates commensurate with their risks. The United States has not had such a market for decades; state and federal mandates have already grossly distorted the insurance market. ObamaCare only piles on more mandates, distorting it even further and making insurance even less affordable.

Then again, as Ron Paul likes to say, the name of a bill is usually “exactly the opposite of what the bill does.” Who, then, can really be surprised that the Affordable Care Act fails to live up to its moniker?