



Written by [Bob Adelman](#) on October 24, 2013

## White House “Tweaks” ObamaCare; Major Problems Remain

Thursday’s [announcement by the White House](#) that it was “tweaking” ObamaCare in order to keep some taxpayers from being penalized even after they purchased insurance obscured the vastly greater problems facing the new federally mandated healthcare program.



The vice president of the tax firm Jackson Hewitt, Brian Haile, first noted that it was possible, even likely, that taxpayers enrolling in ObamaCare in March, well before the deadline, might wind up having to pay the tax penalty anyway, because of a quirk in the act’s labyrinthine language. The coverage would only become effective on April 1, meaning that he didn’t have coverage for three months: January, February, and March. And that would trigger a tax penalty.

The White House agreed and announced on Thursday that the end of the enrollment period and the start of the mandate period now have the same date: March 31. Translation: Anyone applying late in March won’t be penalized. This effectively gives taxpayers an extra six weeks to sign up without being fined.

That will hardly solve any of the major issues taxpayers will be facing as ObamaCare moves forward. An estimated 16 million people already carrying individual health insurance policies are about to discover that they won’t be able to keep them, [according to health policy expert Robert Laszewski](#). Of course, this is not what [the president promised](#) back in July 2009:

Let me be exactly clear about what health care reform means to you. First of all, if you’ve got health insurance, you like your doctors, you like your plan, you can keep your doctor, you can keep your plan.

Nobody is talking about taking that away from you.

But “they” are talking about it now. Health policy expert Bob Laszewski explained that 85 percent of existing individual health insurance policies won’t qualify under the new ObamaCare rules and so insureds must apply for new coverage. And when they do they’re in for a shock: Most will find they’ll have to pay higher premiums — [some much higher](#).

The cancellation notices are already being sent out. Kaiser Health News asked its reporters to make some calls around the country to see just how many policies are already in jeopardy:

Florida Blue, for example, is terminating about 300,000 policies, about 80 percent of its individual



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policies in the state. Kaiser Permanente in California has sent notices to 160,000 people — about half of its individual business in the state. Insurer Highmark in Pittsburgh is dropping about 20 percent of its individual market customers, while Independence Blue Cross, the major insurer in Philadelphia, is dropping about 45 percent.

Blue Shield of California sent roughly 119,000 cancellation notices out in mid-September, about 60 percent of its individual business. About two-thirds of those policyholders will see rate increases in their new policies.

The headaches are amplified by the software problems facing these policyholders as they attempt to navigate their way to purchasing new coverage. One unexpected consequence may just be that many will allow their existing coverage to lapse and take their chances without coverage. It may make economic sense: Paying the penalty might turn out to be much less than paying the much higher premiums required to keep ObamaCare afloat. As Stephen Dinan at the *Weekly Standard* put it: “That would hurt the economic model that assumes those younger Americans will pay into the system to offset the costs of the older and sicker Americans who will be guaranteed coverage.” If one of those opting out of buying insurance now happens to get sick, he can enroll later.

This not only would put the entire “model” into question, but also put the health insurance companies into a bind. They really won’t know [how it’s going to work until April 2015](#), by which time they’ll know what their revenues and claims will actually be. Until then, everything is based upon assumptions. If their “model” is wrong, even higher premiums could be on the way.

Even if the website’s glitches can be solved, it’s unclear that young, healthy workers will sign up in the droves necessary to make ObamaCare viable. Senator Rand Paul (R-Ky.) [said](#):

If people won’t sign up for something that’s free for a lot of people, if you can’t convince people you’re giving them something and they won’t sign up for it, I can’t imagine how it’s going to succeed.

If the ObamaCare fixes and tweaks don’t solve the present problems at the government’s website, there could be real trouble. Dan Schuyler, director of exchange technology for the health management company Leavitt Partners, said: “In order to hit the administration’s own target of 7 million enrollees by March, that means 38,000 people must sign up every day.” But he remains doubtful that those fixes will be in place anytime soon:

The concern is [that] the inventors have been working on this for 2 years. How do you fix something in a couple of weeks that you’ve been developing for 2 years? I’m just not optimistic that’s going to happen.

Politicians are rushing in to fill the vacuum and [seize the perceived opportunity to delay the rollout](#). Senator Marco Rubio (R-Fla.) is pushing legislation to delay the mandate until the website is fully functional, while Senator Joe Manchin (D-W.V.) [has his own bill](#) that would delay any penalties involved in signing up for at least a year. He thinks that ObamaCare can be fixed:

Affordable health care was never meant to be. If you’ve got insurance now you’re going to have to buy insurance that’s more costly and not as good.

That has to be fixed.

Others think that ObamaCare cannot be fixed and the best thing to do to hasten its demise is to allow the program to move ahead full speed. By allowing citizens to see with their own eyes and feel with



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their own wallets the consequences of government-mandated healthcare, they'll know what to do come November 2014. As Christopher Ruddy [put it](#):

The key to stopping Obamacare is for its opponents to win in congressional elections in 2014. Delaying Obamacare only helps the Democrats who support this boondoggle....

By election day next year, young people who backed Obama will have seen the law's full wrath in skyrocketing insurance premiums or the fines they will have to pay for not carrying insurance....

Let Obamacare be implemented and allow the voters to decide come 2014.

Thursday's tweak is a long way from turning this [sow's ear into a silk purse](#). Only the free market has any chance of doing that.

*A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [www.LightFromTheRight.com](http://www.LightFromTheRight.com), primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com)*



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