

## One More Reason Why ObamaCare Will Make Health Insurance More Expensive

Written September 2, 2010 by Peter Suderman

Last month, Bloomberg reported that many employers expect health insurance premiums to rise as a result of the PPACA. Today, John Goodman of the National Center for Policy Analysis points to one soon-to-take-effect provision that's likely to factor in to rising prices:

It is increasingly clear that the “experts” upon whom the politicians relied to write the bill didn't read or understand it either. A perfect example is the rule that health plans must offer coverage on a guaranteed issue basis, without excluding any pre-existing conditions, to dependents up to 19 years old, regardless of whether they have had continuous coverage before joining a new group.

This strikes fear into every health plan and employer, because it means that parents do not have to sign up for coverage for their dependents until after their kids have fallen ill. Most kids between the ages of two and 19 are very healthy. Then, when a kid gets diagnosed with leukemia or taken to the ER after a motorcycle crash, his parents' health plan must issue coverage without taking the illness or accident into account.

The provision takes effect on September 23, and is likely the biggest cause of the looming premium hikes that we are going to experience in next year's renewal.

Despite constant protestations that the PPACA would make health insurance more affordable, the bill's authors seem to have expected that rates would go up and planned accordingly, if not smartly. The law provides funding for state governments to review health insurance premium hikes, and thus, in those states that have given themselves the authority to do so, to reject those hikes if they are deemed unreasonable. But as we've seen in Massachusetts' ongoing battles with insurers, that can be an ugly process for everyone involved.

When they were first announced, the Bay State's caps on rate increases effectively shut down the health insurance market. Not long afterwards, the state's four largest health insurers all announced major losses, with three explicitly blaming the state's rejection of new premium rates. Since then, the state's insurance appeals board ruled that the rate hikes requested by one of those companies were, in fact, justified. The governor's office has angrily promised to pursue reinstatement of their original caps.

With both the Massachusetts overhaul and the PPACA, the combined policy/political strategy seems to have been to first demand that health insurers offer more extensive benefits, then threaten regulatory warfare if those insurers have the gall to raise premium prices accordingly.