REVIEW & OUTLOOK

The ObamaCare Awakening

Americans are losing their coverage by political design.

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For all of the Affordable Care Act's technical problems, at least one part is working on schedule. The law is systematically dismantling the individual insurance market, as its architects intended from the start.

The millions of Americans who are receiving termination notices because their current coverage does not conform to Health and Human Services Department rules may not realize this is by design. Maybe they trusted President Obama's repeated falsehood that people who liked their health plans could keep them. But Americans should understand that this month's mass cancellation wave has been the President's political goal since 2008. Liberals believe they must destroy the market in order to save it.

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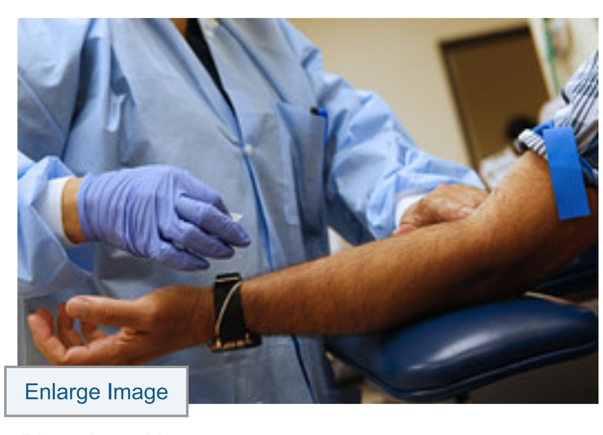
Until this month, consumers who weren't insured through their jobs were allowed to buy insurance that provides the best value based on their own needs. One of every 10 private policies is sold through the individual market, covering about 7% of the U.S. population under age 65.

Some states have ruined this market through regulation and price controls, and in others costs can be high. But the individual market works well for millions of people, who can choose from many plans—from Cadillac coverage to cheaper protection against catastrophic illness.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The political problem for the White House is that these choices are a threat to ObamaCare. If too many people keep these policies instead of joining the government exchanges, ObamaCare could fail. HHS has thus reviewed the decisions of people in the individual market and found them wanting. HHS believes as a matter of political philosophy that everyone should have the same kind of insurance, and in the name of equity it wrote rules dictating the benefits that all plans must cover and how they must be financed.

In most cases these mandates are more comprehensive and thus more expensive than the status quo, but the ObamaCare refugees aren't merely facing higher costs. The plans they want and are willing to pay for have been intentionally outlawed. Ponder that one.

Liberals claim the new insurance should cost more because it's better, at least as defined by liberal paternalism. But the real reason they want policies to cost more is to drive as many people as possible out of this market and into the subsidized ObamaCare exchanges.

The exchanges need these customers to finance ObamaCare's balance sheet and stabilize its risk pools. On the exchanges, individuals earning more than $46,000 or a family of four above $94,000 don't qualify for subsidies and must buy overpriced insurance. If these middle-class ObamaCare losers can be forced into the exchanges, they become financiers of the new pay-as-you-go entitlement.


Best of the Web Today columnist James Taranto on The White House's admittance that health care plans won't be unaffected by ObamaCare. Photo: Getty Images

The political press corps is reporting this as a shocking discovery, and we suppose it is if you believed Mr. Obama's promises. NBC News even reports as a "scoop" that the White House knew all along that millions would lose their policies. But HHS's trail of purpose has been there for anyone willing to look.

The text of the Affordable Care Act said that none of its language "shall be construed to require that an individual terminate coverage" that existed as of March 23, 2010, or the date the law was enacted. But as early as June 2010 HHS published a regulation reinterpreting this "Preservation of Right to Maintain Existing Coverage" to obviate that promise.

Even minor policy changes, such as increasing a copay by as little as $5, means that a plan cannot be renewed without rewriting it to obey all of ObamaCare's regulations. In HHS's "regulatory impact analysis" published in the Federal Register, the department estimated that between 40% and 67% wouldn't qualify as a permitted plan, and this was the point—to prevent such policies "from being bought and sold as a commodity in commercial transactions." HHS knew that lightly regulated policies might be popular, especially compared to the restricted choices in the exchanges.

Next, HHS applied very prescriptive mandates to all plans, including those sold outside the exchanges. The law's 10 very broad categories of statutory benefits like hospitalization, prescription drugs or maternity care were construed so that 79.6% of current individual plans didn't meet the targets, according to HHS's own analysis. The rule even put floors under cost-sharing to prevent consumers from paying out of pocket.

HHS wrote that the purpose was to offer merely "a small number of meaningful choices." Letting people make tradeoffs for themselves "would have allowed extremely wide variation across plans in the benefits offered" and "would not have assured consumers that they would have coverage for basic benefits." Forced equity again trumped individual choice.

Hard to believe, but at the time liberals complained that this HHS "essential health benefits" rule wasn't restrictive enough. Pediatric services stop being required at age 19, not 21, and what about speech therapy, medical foods or lactation services?

Liberals needn't have worried. Once customers are herded into the exchanges, HHS has the power to further standardize benefits, further limit choices by barring certain insurers from selling through selective contracting, and generally police the insurers to behave like the government franchises they now are. The state-run exchanges in Vermont and the District of Columbia have already barred individual coverage outside their exchanges.

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None of this is an accident. It is the deliberate result of the liberal demand that everyone have essentially the same coverage and that government must dictate what that coverage is and how much it costs. Such political control is the central nervous system of the Affordable Care Act, and it is why so many people can't keep the insurance they like.

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