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Higher Health Insurance Premiums This Year? Blame ObamaCare

Most Americans saw their insurance bills jump this year, according to a new study from the Kaiser Family Foundation. The average employer-based premium for a family increased a startling 9% in 2011. Over the next decade, rates are expected to double.



Image by Getty Images via @daylife

The Kaiser report is only the latest piece of research to indicate that ObamaCare isn't driving down health care costs, as its proponents promised, but is instead accelerating their rise.

This year, the average premium for a family hit \$15,073 — \$1,303, or 9%, higher than the year before. And that's on top of increases of 5% in 2009 and 3% in 2010.

Employees are picking up a substantial portion of that tab. They paid an average of \$4,129 for their family insurance premiums this year — more than double what they shelled out 10 years ago. And that figure doesn't include out-of-pocket health expenses.

These premium hikes have outpaced general inflation and salary increases — and thus are swallowing a greater share of American households' budgets. A study published in the September 2011 issue of *Health Affairs* found that burgeoning health costs have decimated nearly an entire decade's worth of income gains. In 2009, the average American family had just \$95 more to spend at will than it did in 1999.

Worse, there's no relief in sight. Next year, employers expect premiums to rise 7.2%, according to the National Business Group on Health.

Over the next ten years, American families can expect rising health costs to continue to offset pay raises. According to the Kaiser study, premiums are set to reach a whopping \$32,175 by 2021. And more than 50% of employers have stated that they plan to shift a greater share of health-insurance costs onto their employees.

ObamaCare is to blame for much of these impending increases. Richard Foster, the Chief Actuary for the Centers for Medicare and Medicaid Services (CMS), reports that America will spend an additional \$311 billion on health care in the next decade because of the law.

CMS estimates the growth in health insurance costs will increase 10 extra percentage points in 2014 because of ObamaCare — a 14% increase, versus 3.5% without the law.

In 2020, the net cost of health insurance is estimated to be \$271 billion. Without ObamaCare, that number would have been \$248.7 billion — a difference of more than \$22 billion.

ObamaCare drives up the cost of insurance by piling mandates and required coverage benefits onto every single policy.

Consider the so-called “slacker mandate,” which requires all family policies to cover adult children until they turn 26. According to a recent federal report, nearly 1 million young adults gained health coverage this year thanks to the mandate.

Of course, adding them to their parents’ policies isn’t free.

Towers Watson found that the rise in young-adult enrollment was responsible for premium increases of as much as 3% at many firms.

Even the feds admit that the mandate means that families will pay more. According to HHS, each new dependent will tack on an additional \$3,380 to their parents’ insurance costs this year. By 2013, extra dependents will add \$3,690 to families’ annual insurance bills.

That cost impact is even more significant because most of those who seek coverage through their parents know that they’ll need care. This “adverse selection” issue results in a sicker — and thus costlier — overall insurance pool.

Or take the “essential benefits package” — the list of health care services that all policies must cover. Already, benefit mandates at the state level force up premiums by an average of 10.5%, according to Pacific Research Institute scholar Dr. Benjamin Zycher.

Slathering federal mandates on top of existing state mandates will drive costs even higher — and thereby make coverage unaffordable for more people. Massachusetts Institute of Technology economist Jonathan Gruber — a supporter and architect of ObamaCare — estimates that a 10% hike in the cost of the essential benefits package could increase the number of uninsured by 1.5 million.

There’s no way around it — ObamaCare isn’t saving anybody money. Americans should agitate for its full repeal and replacement— before they watch the cost of their health insurance consume yet another year’s worth of salary gains.

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