Written by Michael Tennant on July 3, 2013

# ObamaCare Costs 58,000 Californians Their Health Insurance

Fifty-eight thousand Californians are about to learn just how hollow was President Barack Obama's promise that "if you like your healthcare plan, you can keep your healthcare plan" under ObamaCare. That's because two of the companies that offer individual coverage in the Golden State have decided to pull out of that market next year when the healthcare law's individual mandate takes effect.

The latest departure from California's individual market is UnitedHealth Group, Inc., the nation's largest health-insurance company. "UnitedHealth said it had notified state regulators that it would leave the state's individual market at year-end and force about 8,000 customers to find new coverage," the *Los Angeles Times* reported Tuesday.

Just a fortnight earlier, Aetna, Inc., made a similar announcement, leaving its 50,000 individual-insurance customers in the lurch come January.

Both companies have a relatively small share of the individual market in California. UnitedHealth had two percent of the market, while Aetna had five percent. Both say they will continue to provide coverage in the group market, typically through employers.

"The business model of health insurance is fundamentally changing and some companies are willing and able to adapt," Georgetown University professor Sabrina Corlette told the *Times*. "Given the limited market share those carriers had, UnitedHealth and Aetna have made the calculation that it required too much of an investment to change their strategy in California."

The reason the business model is "fundamentally changing," of course, is ObamaCare. "Starting Jan. 1," wrote the *Times*, "the federal healthcare law forces insurers to accept all individual applicants regardless of their medical history and provide a comprehensive set of benefits with limits on patients' out-of-pocket spending."

In other words, ObamaCare "basically outlaws anything that follows the principles of insurance," as Dr. Jane Orient of the Association of American Physicians and Surgeons told *The New American* in 2010. That, in turn, makes the insurance business unprofitable, especially in the individual market, which is expected to be flooded next year with individuals heretofore unable to obtain coverage because of their costly pre-existing conditions.

That is also why UnitedHealth has decided to offer coverage in just a dozen or so state insurance exchanges, government-run marketplaces for individual health insurance. (Both UnitedHealth and Aetna had already announced that they would not be participating in California's exchange.) Other insurers, too, are choosing to participate in only a limited number of exchanges, an outcome that Milton Johnson, chief financial officer of HCA Holdings, Inc., the country's largest hospital chain, told Bloomberg "has probably been the biggest surprise" result of ObamaCare.

The Obama administration, likewise oblivious to — or in denial of — the real-world effects of its policies, insists that the exchanges will offer more choices to consumers. But as California Insurance Commissioner Dave Jones told the *Times* in response to UnitedHealth's decision to leave his state's individual market, "I don't think this is a good result for consumers. It means less choice, less competition and even more consolidation of the individual market with three big carriers." Those carriers, which together have 87 percent of the market, are Blue Cross, Kaiser Permanente, and Blue Shield of California.

Those who recognize that companies respond to changes in laws and regulations, on the other hand, have not been caught off guard by insurers' actions. Examiner.com's Howard Portnoy, for instance, observed:

> The problem facing Californians and residents of the other … states is that the federal government can accomplish only so much by resorting to fiat and executive order. In a system of free-market capitalism, the president — we have learned through the malignant experiment that is Obamacare — can decree that purchasing a good or service is a condition of breathing. He can't, however, force any commercial entity to sell the good or service.

At least for now he can't. If ObamaCare continues to unravel, however, compulsory sales may be the next thing coming down the pike, with additional mandates to follow until the whole system collapses, at which time the free market will take the blame and politicians and interest groups will argue that the only remaining solution is a single-payer nationalized healthcare system like that of Canada or Great Britain.

The good news is that the administration keeps delaying the onset of ObamaCare's provisions, most recently putting off the employer mandate for an entire year. The longer it takes for the law to go into effect, the more obvious its problems will become, and the more time and public pressure there will be to repeal it. And if Democrats — as they fear — take a beating at the polls next year because of the law, even they might get behind such a movement.