Kyle Wingfield (http://blogs.ajc.com/kyle-wingfield)

Democrats will soak the young

7:00 pm November 11, 2009, by Kyle Wingfield

Looking at the Ponzi schemes that are Medicare and Social Security, I've often wondered which generation of Americans will get stuck with the tab when the programs go totally broke. More and more, it looks like mine will.

Yet paying for baby boomers to retire comfortably, while knowing we'll probably never be afforded the same luxury, isn't enough. We're also being asked to pay the cost of Democrats' health insurance proposals — both now and in the future.

One part of this is pretty straightforward. A new health insurance entitlement will mean higher tax rates.

Not only "the rich" will get hit. The Wall Street Journal calculated in February that even if the feds took every dime of every American's taxable income above $75,000, they'd barely collect enough money to pay for President Barack Obama's proposed 2010 budget of $3.5 trillion.

That budget doesn't include a new health entitlement. And those figures certainly don't account for the disastrous economic drop-off that would occur under such an outrageous tax.

So, taxes will rise for the middle class. Today's young taxpayers will be taxed more now to cover some costs, and later to pay for Washington's borrowing.

Taxes, however, are just the first part of Democrats' plan to soak the young.

Liberal health reform means 20-somethings not only will be forced to buy insurance that many of them don't buy now. They'll also have to pay higher premiums than they are charged today — to the benefit of Americans their parents' age.

Three staples of Democratic health proposals are a mandate that citizens buy insurance, a "community rating" requirement that precludes insurers from charging customers different rates based on factors such as age and a "guaranteed issue" stipulation that prevents insurers from denying coverage to any applicant, regardless of pre-existing conditions.

A University of Kentucky economist, Aaron Yelowitz, studied the impact these new requirements would have for younger adults versus their elders in a new paper for the Cato Institute.

He concluded that the three provisions "would drive [health insurance] premiums down for 55-year-olds but would drive them up for 25-year-olds — who are then implicitly subsidizing older adults."

The culprit is the community rating, an aspect of Democrats' plans that doesn't get nearly as much attention as the mandate or guaranteed issue.

Yelowitz looked at premiums in New York, which already has community rating, versus California, which doesn't. On the Web site eHealthInsurance.com, he found that 25-year-olds in Bell Gardens, Calif., can choose from 107 health plans. The premiums they pay are one-fourth to one-third of what 55-year-olds in the Los Angeles suburb can expect.

The site quotes similar prices for Atlanta, which has a younger population than most of America's other large metro areas.

In Brooklyn, N.Y., on the other hand, the young can choose from just 12 plans, for which they must pay the same premiums as older customers — and about three times as much as 25-year-olds in Bell Gardens or Atlanta.

The community rating means young New Yorkers get no price break even though they tend to be healthier and consume less medical care.

The average price increase nationwide from community rating probably wouldn't be as stark as the difference between California and New York, but it would be significant.

Consulting firm Oliver Wyman estimates that the kind of rating required in the House-passed bill would increase costs for the youngest and healthiest insurance buyers by 69 percent. That would mean about $800 a year more for 25-year-old Atlantans.

Two-thirds of under-30 voters chose Obama last year. Yelowitz described this fact as "ironic."

I'd call it self-destructive.

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