

Patrick's Price Controls

Obama's protégé goes after even nonprofit health insurers.

The beginning of the end for health insurance companies & private hospitals.

'This is sort of similar to the bill that Mitt Romney, the Republican governor and now Presidential candidate, passed in Massachusetts,' President Obama said in a recent interview defending his national health-care plan—and few disagree, Mitt Romney excepted. So the Massachusetts preview of ObamaCare is all the more instructive after this week's imposition of de facto price controls on its remaining private insurers.

On Thursday, Democratic Governor Deval Patrick's insurance regulators announced that they had rejected 235 of 274 insurer requests for premium increases for individuals and small businesses over the coming year. This power has been on the books since 1977 but never used, and Mr. Patrick announced in February that **he was dusting it off as an opening bid for rate-setting for hospitals, doctors and all other providers as well.** The state's health costs have risen to the nation's highest since Beacon Hill passed the ObamaCare prototype that was supposed to reduce health costs.

The premium increases were "excessive and unreasonable," Mr. Patrick said in a statement, though his insurance division issued no actuarial analysis to justify its decision. "Now, the big insurance companies will criticize this action," he said. "But the fact is that for three years now, both they and health-care providers have sat around the table talking the issue of excessive cost to death and coming up with no solutions." In other words, price controls are supposedly the only option.

Yet campaigns against the insurance industry are always the first political resort, as Mr. Obama's assault on Anthem Blue Cross of California showed. In Massachusetts, however, the major insurers—Blue Cross Blue Shield, Harvard Pilgrim, Tufts Health Plan—**are all nonprofits.** The state itself calculates that they spend at least 88 cents of every premium dollar on the underlying costs of medical care, often more.

The rates Mr. Patrick denied were generally in the range of 8% to 15%, and **the premium cap will eventually force insurers to start restricting patient access to care in order to remain solvent.** This is the kind of future that both nonprofit and publicly-traded insurers can look forward to around the country when Democrats start to blame them for the rate increases that ObamaCare will make inevitable.

Mr. Patrick's price controls show what happens when health care is governed by politics, not markets. The governor's likely GOP re-election opponent is Charlie Baker, the former CEO of Harvard Pilgrim who in the early 1990s helped roll back Massachusetts rate-setting laws for hospitals under Governor William Weld. With Mr. Patrick's approval rating now in the soup, his price controls are a reaction to the state's explosive costs and a pre-emptive shot at Mr. Baker. Ah, the joys of political scapegoating.

At a Democratic National Committee fundraiser in Boston on Thursday night, Mr. Obama was effusive about the job Mr. Patrick is doing. **The President also said ObamaCare would "end the worst practices of the insurance industry." Such as daring to exist.**

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Our Note: This is a preview of what is to come with Obamacare. With the price controls and mandates, most insurers will eventually go out of business as the above surely will. Next are the

hospitals, doctors and nurses. Price controls, wage controls and anything else the government can do to bring cost down. Then comes the rationing of care as doctors and professionals flee the field for greener pastures. The problem is, when government is in charge, the costs never go down and usually result in costs that are two to three times higher. The healthcare bill is designed to give the government complete control over healthcare and all participants within six to ten years. If you doubt it, just look at Massachusetts and watch it happen.

Sadly, they blamed everything on the insurance companies whose average profit margin is only 2.2%. Drug companies who the President and democrats got in bed with have an average profit margin of 9.8%. The drug companies are in denial if they do not think they are the next notch on the Presidents gun handle.

America voted for change. They will all pay dearly for it.