If you don't regularly receive my reports, request a free subscription at steve_bakke@comcast.net!
Follow me on Twitter at https://twitter.com/@BakkeSteve and receive links to my posts and more!

OBAMA IS STILL BRAGGING ABOUT INCREASED HEALTH CARE COMPETITION UNDER OBAMACARE: Is it true? Or is he misleading us once again? GOOD GRIEF! Let's take a look!

By Stephen L. Bakke November 20, 2013

> ***My guiding principle is, and always has been, that consumers do better when there is choice and competition. That's how the market works. Unfortunately, in 34 states, 75 percent of the insurance market is controlled by five or fewer companies. In Alabama, almost 90 percent is controlled by just one company. And without competition, the price of insurance goes up and quality goes down.*** – President Barack Obama, September 2009

Let me get right to the point! Obama either doesn't know what competition is, or he's merely giving "lip service" to a desire for competition. On one point I agree with him: that there never has been true competition in the health care insurance system. Therefore, part of comprehensive reform would indeed enhance competition from its current model.

> ***Many of our current and historical problems stem from departures from free market principles and bureaucratic interference. In fact, our current system actually suppresses true market forces. We must institute and maintain an unimpeded free market composed of providers, insurers, technology development, pharmaceutical development, manufacturing of equipment and drugs, and marketing of all these products and services. We must retain the best of what we have while we fix the problems.*** **– Stefano Bachovich** – obscure curmudgeon and wise political pundit – a prolific purveyor of opinions on just about everything – my primary "go to guy."

Obama at his anti-competitive "BEST" – an obsession for control!

While talking about improving competition, here's what Obama has done to actually limit choices and suppress real competition in the insurance market. A broad variety of choices is the engine that drives meaningful competition. Consider:

- ObamaCare created an artificial definition of acceptable standards for insurance coverage.
- There is no opportunity to choose what coverage is best for an individual or family.
- The minimum standards of coverage, including coverage clearly irrelevant, unwanted coverage (e.g. maternity benefits being priced into older persons' policies), tends to eliminate differences between insurance companies. There is less opportunity to offer competitive alternatives, or package their product in different ways.

- ObamaCare not only removes choice by dictating insurance coverage, it also forms numerous boards that control treatment options. The United States Preventative Services Task Force (USPSTF) will be making decisions on what preventative services will be covered, and for whom and under what circumstances. That also stifles competition!
- The Independent Payment Advisory Board (IPAB) is given thee responsibility of cutting Medicare costs, primarily through reduction of services, or reduction of payment for services rendered which will have the affect of reducing services provided. How does that make competition anything but weaker? They are directing all aspects of the system!

The standardization of benefits combined with a lack of insurer competition means consumers in Obamacare's exchanges will have very little choice. – Alyene Senger of The Heritage Foundation

One of the greatest economists of the 20th century said it is a fatal conceit for anyone to think that a single mind or group of minds, no matter how intelligent and well-meaning, could manage to do things better than the spontaneous, unstructured, complex and creative forces of the market. – Economist Walter Williams paraphrasing Nobel laureate economist Friedrich Hayek.

Obama's obsession for control while creating a competitive environment – an OXYMORON!

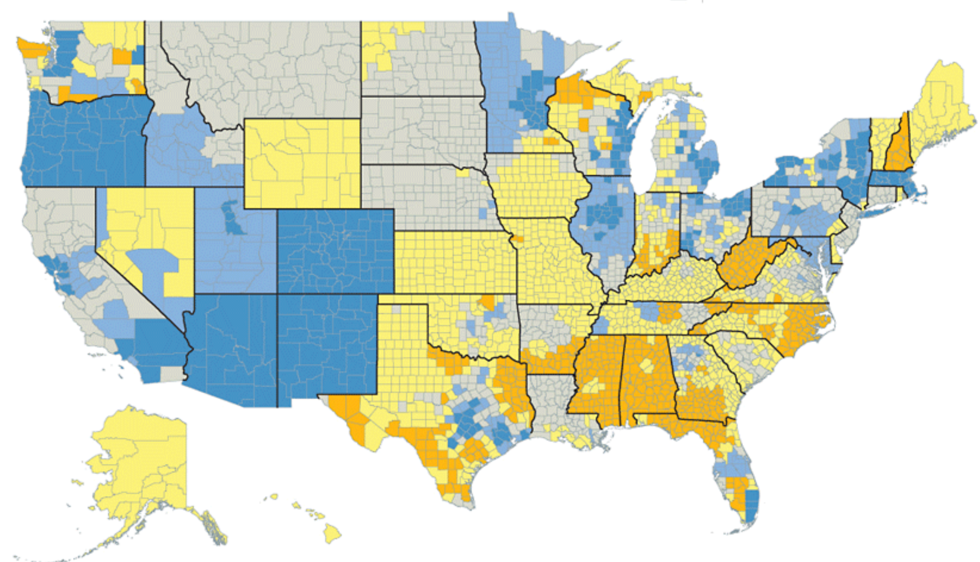
Here are two items I found in a report at Heritage.org about competition in the exchanges:

MAP 1

Lack of Competition in Obamacare Exchanges

As shown in the map below, more than half of U.S. counties have two or fewer (and) insurance carriers in the Obamacare exchanges. This lack of competition means less choice for consumers in the exchanges and also reduces pressure on insurers to keep prices down.

Carriers in Area	AREAS Number	Percentage
1	540	17%
2	1,100	35%
3	813	26%
4	369	12%
5+	313	10%



Sources: For federally facilitated exchanges, data come from HealthCare.gov, "Health Plan Information for Individuals and Families," https://www.healthcare.gov/health-plan-information (accessed November 5, 2013). For state-run exchanges, data come from the state's exchange and/or its insurance department. County-level data for Rhode Island, Hawaii, Vermont, and Connecticut were unavailable, so due to their small size, it was assumed that a participating insurer was offering coverage statewide. All figures are at the parent-company level, meaning an insurer offering exchange coverage in a county through two or more subsidiaries is counted as one company. For more information on carrier participation in the exchanges, go to http://www.heritage.org/healthcare.

IB 4082 heritage.org

Click on information about the Obamacare Exchanges in the States:

- Alabama
- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- North Dakota
- Ohio
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming

In Alabama – the state the President mentioned with concern in 2009 [his quote lead off this report] – about 96 percent of that state's counties will have only one insurer offering coverage in the exchange. This means the residents in those counties will have no choice of insurer in the exchange. – Alyene Senger author of The Heritage Foundation report on lack of insurance company competition in the states.

Some highlights quoted in the report:

- In the vast majority of states, **the number of insurers competing in the state's exchange is actually less than the number of carriers that previously sold** individual market policies in the state.
- In over half of the 3.135 U.S. counties, consumers will face an exchange market that is either a duopoly or monopoly.
- In 78% of the U.S. counties, exchange enrollees will have a choice of coverage from three or fewer carriers.
- The exchange market **in over 94% of U.S. counties will feature competition among five or fewer companies.**
- While each participating insurer may offer multiple plans, **the number of plans offered has little significance, because most are variations on the same basic design**. Since Obamacare requires all exchange plans to offer a standardized minimum level of benefits, the differences between the plans is mostly in variations on cost-sharing levels.
- The standardization of benefits combined with **a lack of insurer competition means consumers in ObamaCare's exchanges will have very little choice.**
- The lack of competition among insurers in the exchanges also decreases pressure to keep costs down.
- 42 of 47 states for which comparable prium data is available will see significant average premium increases, in many cases over 100%, for individuals.

The bottom line according to the Heritage Foundation report is:

> ***ObamaCare's overregulation of insurance is to blame for the lack of competition in the exchanges. The flawed policies contained in ObamaCare neither foster competition nor increase consumer choice, and they will continue to negatively impact American consumers and increase costs.***

My bottom line is that **Obama knows nothing about true competition or free markets.**

> ***The curious task of economics is to illustrate to men how little they really know about what they imagine they can design.*** – Friedrich Hayek

SOON! A FREE MARKETPLACE FRAMEWORK FOR HEALTH CARE REFORM

If you don't regularly receive my reports, request a free subscription at steve_bakke@comcast.net!
Follow me on Twitter at https://twitter.com/@BakkeSteve and receive links to my posts and more!