

Obamacare: US Government Knew Insurance Companies Would Drop Millions of Customers

By [Kate Randall](#)

Region: [USA](#)

Global Research, November 05, 2013

[World Socialist Web Site](#)

The US HealthCare.gov insurance exchange was taken down overnight on Saturday for “extended maintenance,” as the web site for the Affordable Care Act continues to be plagued by outages and other technical problems. For much of the weekend, applications, enrollment tools and the “data hub” were not available to people seeking to view plans and enroll in what is known as Obamacare.

The web site rollout has been a disaster since its launch on October 1. According to documents released by the House Oversight and Government Reform Committee, *only six enrollments* were logged in HealthCare.gov’s first 24 hours, and only 248 had signed up in the first three days. The White House has still not released any figures, with Health and Human Services Committee Secretary Kathleen Sebelius telling a House panel last week that she had no confidence in the data generated by the federal exchange system.

Emerging details of the health care legislation are demonstrating on a daily basis the pro-corporate character of the Obama administration’s signature “reform.” In particular, Barack Obama’s pledge, “If you like your health plan, you can keep it,” is being exposed as a fraud as millions of consumers who buy their insurance coverage on the individual market continue to receive cancellation letters from their current insurers because their existing policies do not meet standards mandated by the law.

According to sources with close connections to the ACA who spoke to NBC News, 50 to 75 percent of the 14 million consumers who buy their insurance individually can expect to receive these cancellation letters, with one expert putting the figure as high as 80 percent.

Many people losing their coverage are finding that new policies, offered either through their current insurers or through Obamacare, carry substantially larger premiums and higher out-of-pocket costs.

Most affected will be many middle class individuals and families whose incomes are high enough not to qualify for government subsidies, but not high enough to be able to afford the significant increase in costs. They will see costs rise hundreds of dollars a month for similar or poorer plans.

Lower income Americans are supposed to receive subsidies, in the form of tax rebates, but these will be enough to cover only the most minimal plans, which include very high co-pays and limited coverage.

These developments have not come as a surprise to the White House. ACA regulations from

June 2010, less than three months after the health care overhaul's passage, included an estimate that "40 to 67 percent" of individual customers would not be able to keep their coverage, and that the figure might be higher.

In a speech last week in Boston, the president sidestepped the issue in an attempt to cover over the fact that the administration has been lying to the American people, stating: "For the vast majority of people who have health insurance that works, you can keep it."

The insurance companies' cancellation of these individual policies is not the result of a technical anomaly of the ACA, but goes to the very heart of Obamacare. From the beginning, the legislation has been crafted with the main aim of cutting health care spending while boosting the profits of the private insurers and corporations.

Insurers are dropping customers because the ACA requires that plans include a set of 10 "essential services," such as maternity care, preventive care and prescription drug coverage. But the ACA has no requirement that insurance companies foot the bill for covering these services under their policies, the result being that insurers are jacking up prices. There is also no meaningful oversight on how high these premium costs can go, and consumers will see costs escalate in the coming years.

Robert Laszewski, an insurance industry consultant, told the *Washington Post* that the ACA has resulted in an estimated 30 to 50 percent increase in baseline costs for insurers. Because insurers must offer "essential services," and also cannot discriminate due to preexisting conditions, they will inevitably pass these costs on to customers.

While placing these conditions on insurance plans, the ACA only strengthens the domination of the private insurance companies over the health care market. The added plus for the insurance companies is that the law requires people to obtain coverage or pay a penalty, providing them with millions of new cash-paying customers.

As the fallout continues over the technical debacle at HealthCare.gov, new information about the development of the ACA site since the passage of the health care bill in March 2010 demonstrates the calculations surrounding its construction. The insurance marketplace project was first led by a new unit of the Department of Health and Human Services (HHS), under Secretary Sebelius, and then moved in early 2011 to the Centers for Medicare and Medicaid Services (CMS).

One of the main reasons for keeping the project at CMS was the fact that the ACA provided no money for the development of a federal exchange, only for those at the state level, and Obama wanted to head off Republican efforts to block funding.

When growing numbers of states indicated they would not build their own sites, but would rely on the federal one, the White House would not allow this fact to be included in technical specifications for the site, despite the fact that additional states would make construction of HealthCare.gov more complex. This decision, according to a former official who spoke to the *Post*, was motivated by fear that Republicans would denounce the site as a federal takeover of the health care system.

Both before and after the implementation of the health care overhaul, Obama administration officials have been adamant in their insistence that the program is "market-drive," i.e., that it is subordinate to the profit interests of the insurance and health care

companies.

At the end of meetings reviewing progress of the ACA web site throughout its development, Obama reportedly always ended them with the comment: "All of that is well and good, but if the web site doesn't work, nothing else matters." But on August 17, little more than six weeks before the launch, CGI Federal, which had been awarded the main \$93.7 million contract for the project, sent an email to CMS staffers that indicated the exchange was only 55 percent complete.

Whether or not the Obama administration's proclamations that it was taken by surprise that HealthCare.gov was not ready can be taken as good coin, the truth is that the urgency to launch the site was not driven by a desire to get a quality product to market that would provide high-quality health care coverage to the American people.

Aside from Obama's cynical political considerations in defending his main domestic initiative, at its most fundamental level, the health care overhaul is driven by a bipartisan agenda to slash health care spending and impose a greater share of the burden onto the backs of ordinary Americans, while boosting the bottom line of the health care industry and corporations.

The original source of this article is [World Socialist Web Site](#)
Copyright © [Kate Randall](#), [World Socialist Web Site](#), 2013

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Kate Randall](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca