

In yesterday's hearings on the disastrous launch of the federal health insurance exchanges, contractors insisted that part of the problem was a [last-minute specification](#) from the government: the feds didn't want people to be able to "window shop" for health insurance until they had created a profile and entered all sorts of personal information.

That's understandable. For this massive social experiment to succeed — or, at least, to fail less badly — young, healthy people need to buy health insurance. Policy prices for those folks, though, are going to be really high because (1) the ACA requires all sorts of costly coverages people used to be able to decline, and (2) the Act's "community rating" and "guaranteed issue" provisions prevent insurers from charging older and sicker people an actuarially appropriate rate and therefore require their subsidization by the young and healthy. To prevent the sort of sticker shock that might cause young invincibles to forego purchasing insurance, Obamacare advocates didn't want them seeing unsubsidized insurance rates. Determining a person's subsidy, though, requires submission of all sorts of personal information. Thus, the original requirement that website visitors create a profile and provide gobs of information before seeing insurance rates.

Given the website's glitches and the difficulty of actually creating a working profile, the feds have now reversed course and are permitting window shopping. An applicant can enter his or her state and county, family size, and age range (<50 or >50) and receive a selection of premium estimates. To avoid dissuading people from applying for coverage in light of high premiums, the website takes great pains to emphasize that the estimated premiums do not account for the available subsidies to which most people will be entitled. For example, to get my own quote, I had to answer a handful of questions and click "Next" a few times, and in the process of doing so, the website announced **seven times** that the estimated prices I was about to see would not include the generous subsidies to which I would probably be entitled. The Obamacare folks, you see, want us consumers to know what we're really going to have to pay.

Or do they?

According to the website, I could buy a Coventry Bronze \$15 co-pay plan for \$218.03 per month (unsubsidized). An Anthem Blue Cross Blue Shield Direct Access Plan would cost me \$213.39 per month (unsubsidized). When I went to a private exchange and conducted the same inquiry, however, I learned that the price for the former policy would be \$278.66 and, for the latter, between \$270.17. So the private exchange tells me the price for my insurance would be 27% percent higher than the amount Healthcare.gov estimates in its window shopping feature. What gives?

As it turns out, the federal exchange assumes (without admitting it) that anyone under age 49 is 27 years old. The private website, by contrast, based quotes on my real age (42). Obviously, the older a person is, the higher the premium will be. Since the ACA mandates that individuals up to age 26 be allowed to stay on their parents' insurance policies, the age the federal website assumes is **the very youngest age** at which most people would be required to buy health insurance or pay a penalty. In other words, the federal website

picks the rosier assumption in estimating insurance premiums and never once tells users it's doing so. It does, however, awkwardly remind them seven times in fewer than seven consecutive screens that their actual premiums will probably be lower than the figure quoted.

Can you imagine if a private firm pulled this sort of stunt? Elizabeth Warren's friends at the CFPB would be on it like white on rice!

Look, the website problems are a red herring. Sure, they're shockingly severe, and they do illustrate the limits of government to run things effectively, limits the ACA architects resolutely disregarded. But they'll get fixed eventually. The main reason they're a long-term problem is that they exacerbate the Act's most fundamental flaw: its tendency to create a death spiral of adverse selection in which older and sicker people, beneficiaries under the ACA, purchase health insurance, while young, healthy folks, losers under the Act, forego it. Once this happens, insurance premiums will skyrocket, encouraging even more young and healthy people to drop out of the pool of insureds and thereby making things even worse. The most significant problem stemming from the website "glitches" (my, how that term has been stretched!) is that they have made it so hard to apply for insurance that only those most desperate for it — the old and sick, the ones we least need in the pool of insureds — will go through the rigmarole of signing up. On this point, see [Holman Jenkins](#) and [George Will](#).

But who knows. Maybe Zeke Emanuel can fix the problem by getting the Red Sox to sell Obamacare to young invincibles. (I'm not kidding. That was [his plan for avoiding adverse selection](#).)

Go Cards!

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