



# Contraception Coverage Compromise Could Raise Costs

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The Obama administration's signature piece of legislation – health-care reform – targets excessive administrative fees as a primary reason health-care costs have spiraled out of control in recent years.

Ironically, some experts say the president's concession on contraception coverage announced Friday does exactly that – contribute to excessive administrative fees.

The president, facing a growing controversy fueled by angry religious organizations, said religious employers will not be required to offer free birth control to their employees as part of their insurance coverage.

Instead, that responsibility has been diverted to insurers, according to the administration's compromise. The new requirement mandates that insurers provide workers at religious entities such as Catholic universities or hospitals with "contraceptive care free of charge."

"There is no such thing as 'free of charge.' It's a complete ruse," said Dr. Merrill Matthews, resident scholar at the Institute for Policy Innovation, which advocates for free markets.

"He thinks this stuff actually comes free," Matthews added. "It doesn't come free. People actually pay for it and there's an administrative cost added to it."

Matthews explained how administrative fees are likely to rise under the Obama administration's compromise plan: since religious employers will not be held responsible for their employees'

contraception coverage the burden is shifted to the insurers. Staff members at the insurers will now have to administer that coverage and that will almost certainly cost the insurers extra money.

“The president has been critical of health insurers for excessive administrative costs, but here through his own policies he’s raising the costs himself,” said Matthews.

Ultimately, those rising administrative costs could eat into profits and affect the stock prices of some of these insurers.

America's Health Insurance Plans, a trade group, issued the following statement: “Health plans have long offered contraceptive coverage to employers as part of comprehensive, preventive benefits that aim to improve patient health and reduce health care cost growth.”

“We are concerned about the precedent this proposed rule would set. As we learn more about how this rule would be operationalized, we will provide comments through the regulatory process.”

Tom Miller, a resident fellow at the American Enterprise Institute, joked that administrative costs that benefit the government and its policies tend to be approved by that government.

“Administrative fees that don’t benefit the government aren’t,” he noted, wryly.

Miller said the issue became a “political eyesore” for the Obama administration, hence Friday’s concession. The compromise essentially does little more than provide “fig leaf cover” for some of the president’s Democratic allies who were getting heat for the original mandate.

The regulation which ignited the controversy requires religious-affiliated groups such as hospitals, colleges and charities to provide their employees with coverage for birth control. Actual churches were exempted from the rule.

The Catholic Church, which opposes all forms of artificial contraception, loudly criticized the mandate and Republican opponents of the president were quick to join the fight.

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