



President Obama remains in denial about ObamaCare's implosion

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In his ObamaCare valedictory last week, President Obama championed the law's successes: twenty million Americans have free or subsidized insurance; sick people cannot be denied coverage; thrifty policies with spending limits are gone. His timing was impeccable, as three days later the government announced that premiums increased nationwide by an average of 25% as insurers flee the exchanges. Yet, President Obama remains in denial about the root cause of this calamity. He insists that the "problems that may have arisen from the Affordable Care Act [are] not because government is too involved in the process." Instead, he continues to blame rising premiums, shrinking networks, and reduced choice on everything else, *except* the Affordable Care Act itself.

In a brief moment of candor, former President Clinton called the ACA's collapse "the craziest thing in the world," and lamented that people who liked their insurance have found their "premiums doubled and their coverage cut in half." President Obama maintains a different explanation. "Insurers just set their prices too low at the outset," he said, and when "they started losing money . . . now they've decided to significantly increase premiums." This explanation sounds intuitive, but is extremely misleading.

Over the past three years, insurers have set their prices based on erroneous government forecasts that nearly *twice* as many people would enroll on the exchanges. In reality, the risk pools are dominated by older and sicker customers, with a severe shortage of younger and healthier customers. To the extent that insurers underpriced policies, the government shares the blame for overhyping the popularity of ObamaCare. Additionally, insurers were required to submit their proposals to the government for approval. Rates that were deemed too high were rejected. Here too, the government shares the blame. Unsurprisingly, a number of insurers have decided to exit the marketplace, rather than plead with the government for higher rates to sell unprofitable policies.

ACA defenders boast that these premium increases are largely irrelevant, because 85% of consumers on the exchanges receive subsidies to defray the costs. But this statistic paints an

incomplete picture. A family of four that makes more than \$100,000 a year is deemed too wealthy, and receives no subsidies. This family will likely be unable to afford any policy on the ACA exchanges, so instead will buy a policy off the exchange. By one estimate, nearly half of the consumers on the individual market receive zero subsidies. Minnesota Gov. Mark Dayton was correct in calling the Affordable Care Act “no longer affordable” for an increasingly large share of Americans.

President Obama also shirked any responsibility for those who lost the doctors they liked because their “networks have changed.” The networks of covered doctors, he insisted, are “not determined by the Affordable Care Act,” but by the insurers. This explanation is disingenuous. One of the pillars of the ACA is to push consumers into plans with smaller networks to control costs. People cannot keep the doctor they like if it is not cost effective—contrary to the President’s oft-repeated promise. Shrinking networks and consolidating care is a feature, not a bug of ObamaCare.

President Obama also dismissed the cause of spiraling copayments. “It’s not because of ObamaCare,” he claimed. Rather, “these are decisions that are made by your employers.” This response obfuscates the reality of health care economics. The ACA’s onerous and costly mandates have made health insurance more expensive. To avoid sticker shock, insurers have masked premium increases with ballooning copayments—customers now need to pay more out of pocket before receiving any benefits under ObamaCare. All of these changes were entirely foreseeable consequences of a law designed to control costs and ration care. Critically, shrinking networks and increasing copayments are not offset by subsidies.

As President Obama continues to dictate what his legacy should be, he remains in a state of surreality: he proudly takes credit for all of the people helped by the Affordable Care Act, but steadfastly blames everyone else when things go wrong. “If your premium is going up, it’s not because of ObamaCare,” he said. “It’s because of your employer or your insurer . . . It’s not because of any policy of the Affordable Care Act that the rates are going up.” The President is still in denial that his signature law is unraveling our health care marketplace. The fault, dear Barack, is not in our stars, but in ourselves.

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