



Michael F. Cannon: ACA exchanges at risk

By Michael F. Cannon
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President Barack Obama says he has enrolled 7.1 million Americans through his new health insurance exchanges. If so, that may prove to be the easy part: the Affordable Care Act creates so many incentives for enrollees to drop their coverage that maintaining those enrollment numbers may start to resemble something like pushing millions of people up a greased poll.

For Obamacare to work, people must enroll and stay enrolled. An estimated 20 percent of those who signed up have yet to pay their first premium, and as many as 5 percent stopped paying after the first month. If too many drop out, premiums could climb until the exchanges collapse.

Unfortunately, those numbers may rise as Americans learn about the financial incentives Obamacare creates for healthy people to drop their coverage, save their money and wait until they get sick to re-enroll.

For most healthy people, going uninsured before Obamacare, at least for a time, was already a safe bet. They saved thousands of dollars per year. The odds that they would have to deal with unmet medical needs or unpaid medical bills were low.

Obamacare makes going uninsured an even safer bet. It increases premiums for healthy people and the penalty for not buying health insurance is largely toothless. So if you earn too much to qualify for subsidies or you take steps to avoid paying the penalty, going uninsured will save you even more money than before.

Obamacare even more dramatically reduces the downside of going uninsured. For example, suppose the day after you cancel your health insurance, you receive a serious diagnosis like diabetes, or cancer. Pre-Obamacare, you would not be able to buy coverage for that illness. Under Obamacare, however, insurers are required to cover you at the same premium they

charged when you were healthy. You may have to wait until January for that coverage to take effect, but even so the downside risk of going uninsured is much smaller.

And in many cases, you can get coverage before January.

There are even ways to enroll in Obamacare coverage immediately:

- If you live in one of the 25 or so states implementing Obamacare's Medicaid expansion, you can get coverage immediately by reducing your income below 138 percent of the federal poverty level (\$16,102 for a single adult). You can then restore your income when you enroll in an exchange plan in January – or even earlier, depending on how often your state verifies eligibility.
- If you don't live in a Medicaid-expansion state, you can move to one, as this Idaho family did.
- If you're pregnant, you can use one of these Medicaid options for immediate prenatal care, and/or enroll in exchange coverage effective the day your child is born.

I get viscerally anxious when I hear from intelligent, responsible people that they have dropped their family's health insurance because Obamacare so significantly increased their premiums. But I cannot dispute that Obamacare has made that choice safer and more rational than ever before.

Keeping people at the top of a greased pole is hard enough when they want to be there. It's a lot harder when they don't.

Michael F. Cannon is director of health policy studies at the Cato Institute.