

ObamaCare – is it flat-lining?

The phrase "death spiral" continues to pop up in news stories about the Affordable Care Act – but despite the ACA's problems, is that actually the case?

Chris Woodward

October 19, 2016

A death spiral would occur in ObamaCare when young and/or healthier individuals aren't enrolling as often as are older, less-healthy individuals. In that case, the sickest people would then be the only ones in the risk pool, causing prices to a rise to point where the Affordable Care Act would, in theory, collapse.

Center-right individuals and groups have said for years that this would happen. Pointing to recent negative comments from President Bill Clinton and Governor Mark Dayton (D-Minnesota), the *New York Post* editorial board says even Democrats can now see the ObamaCare death spiral.

"It's really hard to know if it's in a death spiral, but it certainly is in a downward spiral," responds Michael Cannon, director of health policy studies at Cato Institute. "There are supporters of the law who are saying that it is either in a death spiral or beginning to unravel in some places" – including Princeton University health economist Uwe Reinhardt and Nobel Prize-winning columnist and *New York Times* columnist Paul Krugman.

While it remains to be seen exactly what's going to happen with ObamaCare's troubled exchanges, Cannon says it doesn't look like the legislative and executive branches are going to be able to do very much to improve upon the law. As he explains, each side of the political aisle has a different opinion of what an improvement would be – and neither side likes the other one's ideas.

"So we may be at a stalemate right now and we're going to see Obamacare limp along and maybe see if it does descend into a death spiral," he concludes.

Open enrollment in the ACA for 2017 begins November 1.