

# ARIZONA CAPITOL TIMES

## With GOP plan dead, advocates offer ideas on fixing ailing Obamacare

Bo Tefu

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The Affordable Care Act remains the law of the land after Republican efforts to replace it fell apart last week, but even its supporters concede it's a far from perfect law and now is the time, they say, for changes to make it a law people can live with.

Experts on both sides are suggesting several possible changes, including higher subsidies to counter rising premiums, a shift to actuarial methods of pricing, increasing income levels at which people are eligible for subsidies, and even doing away with the individual mandate that requires people to have insurance.

But as President Donald Trump famously said last month, health care is “complicated.”

“This is a challenge for Congress because we need to consider whether the government can afford these changes,” said Jim Hammond, publisher of the Hertel Report, a newsletter focused on the Arizona health care industry.

Arizona's skyrocketing premiums on the federally-run health care exchange is often held out by Republicans as an example of what's wrong with Obamacare.

While the law let 413,000 previously uninsured Arizonans get health care coverage, it also saw average premiums jump by 116 percent this year, the biggest increase in the nation. At the same time, so many insurance companies stopped offering policies, leaving most counties with only one provider.

Hammond said one solution would be to increase the subsidies that low-income residents get to help pay the cost of their insurance.

“Tax credits and subsidies need to be significant enough so consumers can afford health insurance,” he said, adding that cost sharing would help people pay for their visits to the doctor and the hospital.

But Michael Cannon, an outspoken critic of Obamacare, said things won't get better until the insurance marketplace is less encumbered by regulation and more able to use an actuarial approach to setting prices.

“Access to care for the sick will get worse, not better, with the current government price controls,” said Cannon, director of health policy studies at the Cato Institute. Changing to an actuarial model would allow policy prices to be based on the risk each patient places on the insurance pool, he said.

Cannon also said the ACA needs to do away with provisions that require people to have insurance coverage or pay a tax penalty. Forcing people to buy insurance they may not want “creates a market where companies compete to give consumers the worst provisions,” he said.

Cannon’s suggestion is endorsed by Allen Gjersvig, an Obamacare advocate, who said policymakers should “do away with individual mandates” and have “no insurance penalty” for the uninsured.

But Gjersvig, director of navigator and enrollment services at the Arizona Alliance for Community Health Centers, said that approach should be coupled with steps that attract more people into the insurance market.

One way to do that is by increasing the income level at which people would qualify for subsidies. Gjersvig believes this will attract healthy people who feel they do not need insurance now.

Without enough healthy individuals paying into the system – while taking relatively little out – insurance companies lose money and raise prices on the remaining policyholders, which can in turn drive more of them out.

“When prices increase, healthy people get scared and tell themselves they don’t need insurance,” Hammond said “The challenge is in the need for insurance companies to attract young and healthy people with affordable rates. Sick people know they need insurance so they pay the high prices.”

Gjersvig said Congress must also find some ways to “give people more choices because it’s too restrictive” currently. He said Arizona insurers, Blue Cross Blue Shield Arizona and Ambetter from Health Net, offer limited options in the marketplace for individuals who get insurance from their employers.

That lack of options is something that ACA advocate DJ Quinlan experienced firsthand.

“Recently, I only had two choices from the same company,” said Quinlan, a spokesman for the Alliance for Healthcare Security. “Prices go up more than in previous years.”

Quinlan agrees that the marketplace needs attention. “It will be hard for health providers and insurers to give people more cost effective coverage while dropping premiums,” he said.

But Quinlan is not confident that Republicans and Democrats are willing to work together to find the solutions.

“Looking at what Speaker Ryan pointed out this week, their goal is not to work with Democrats but keep their promise to tear ACA apart rather than fix it,” he said, referring to House Speaker Paul Ryan’s comments after the failure of the American Health Care Act.

“We are just stuck in a loop of dealing with the problem of trying to figure out if Republicans are going to work with Obamacare, now that their bill is unpopular,” Quinlan said.

One of the things Congress can do is to move some money around, and there are “a few simple things” that insurance companies can do to make the marketplace more attractive, he said.

But there’s only so much that can be done, he said.

“It’s hard to convince healthy people to get health insurance because it’s an intangible product,” he said. “Insurers need to find a way to help people see benefits of paying for their health.”