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Canary in the ACA Coal Mine

Michael F. Cannon

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The nationwide and ongoing exodus of insurance companies from Obamacare has reached its natural conclusion in Pinal County, Ariz., where every participating carrier has left the exchange. About 10,000 residents of Pinal County, where obesity and unemployment are higher than the state average, currently get health insurance through the Obamacare exchange. Come 2017, every single one of them will lose that coverage.

UnitedHealthcare, Humana, Aetna, and Blue Cross Blue Shield found that the taxpayer subsidies Obamacare offers cannot cover the costs of the pre-existing conditions it requires participating insurers to cover. Aetna and Blue Cross initially proposed raising premiums by a whopping 86 percent and 65 percent, respectively, before realizing that it still would not be enough. Even Arizona's taxpayer-chartered Obamacare "co-op" plan — a warm, fuzzy, greedless nonprofit — had to abandon the field.

So 10,000 residents of Pinal County now have to find coverage for 2017 outside of the exchange — still at Obamacare prices, but without the benefit of subsidies that are only available through exchanges.

And Obamacare will still penalize those residents if they don't buy coverage — even if the amount they must pay increases tenfold or more. Though they can no longer access the subsidies that made Obamacare coverage affordable, the fact that they are still technically eligible for subsidies means that, by law, coverage is still affordable for them and they must buy it or pay the penalty.

The disaster unfolding in Pinal County exposes every false premise and false promise of Obamacare's architects.

In 2009, President Obama promised that under Obamacare, "it will be against the law for insurance companies to deny you coverage because of a pre-existing condition" or "to drop your coverage when you get sick or water it down when you need it the most" or "to place some arbitrary cap on the amount of coverage you can receive in a given year or in a lifetime." Obamacare would place a "limit on how much you can be charged for out-of-pocket expenses" and require insurers "to cover, with no extra charge, routine checkups and preventive care, like mammograms and colonoscopies."

Not one word of it is true. Everything President Obama promised would not happen did happen, and everything he guaranteed would happen came to an abrupt end, in Pinal County. And it happened not in spite of Obamacare, but because of it.

Obamacare requires insurers to do certain things, but only if they want to stay in the market. If the cost of those things proves too great — and Obamacare’s architects were very good at making lots of generous promises — insurers can leave. Obamacare asked insurers to cover so many pre-existing conditions in Pinal County’s exchange that it ultimately forced them to cover none. President Obama wanted to reduce discrimination in health insurance; in Pinal County, he increased it.

Let me be clear. Obamacare positively requires the very sort of discrimination it purports to prohibit. Arizona regulators report that two unnamed insurers will sell Obamacare plans to individual Pinal County residents, just not through the exchange. Only higher-income residents, who are likely to be in better health, can afford Obamacare’s unsubsidized premiums. Without Obamacare, those insurers could cover lots of Pinal County residents with moderate incomes. But Obamacare forces them to cover so many preexisting conditions that only the wealthy get coverage.

Pinal County is not an isolated incident. In 2010, Obamacare destroyed the markets for child-only health insurance in 18 states the same way it destroyed the exchange in Pinal County. A law purporting to outlaw discrimination against some kids instead guaranteed discrimination against all kids.

Indeed, Pinal County may be the canary in the coal mine. Tennessee’s insurance commissioner says that state’s exchange is “very near collapse.” The last remaining carrier on North Carolina’s exchange, Blue Cross Blue Shield, has complained that it cannot just continue losing hundreds of millions of dollars there.

Nobody wants to return to the quasi-Obamacare system that preceded Obamacare and made access to health care so precarious for the sick. But in 2009, private-insurance markets were innovating right under Congress’s nose, with new products that protected people with pre-existing conditions from sky-high premiums. When Congress passed Obamacare, it destroyed those innovations.

That sort of system — a market that rewards insurers for providing innovative coverage that consumers want, paired with targeted subsidies only for those in need — would provide a more economically and politically sustainable system of subsidies than Obamacare. Put another way, it would provide more secure access to care for the sick, in Pinal County and across the nation.

Isn’t that the point?

Michael F. Cannon (@mfcannon) is director of health-policy studies at the libertarian Cato Institute