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Can the GOP salvage its health care bill? Some experts predict crisis comes first

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Despite the sharp divisions that sandbagged Republican efforts to overhaul Obamacare last month, many GOP leaders, including President Donald Trump, are holding on to hope that a deal can be reached when Congress returns from a two-week recess.

“I think it can be passed. It should be passed,” said Rep. Joe Barton, a Republican from Arlington, in an interview this week.

But while media reports suggest lawmakers are nearing compromise, some health care experts are skeptical, predicting Obamacare will reach crisis level before Congress acts.

There are such “fundamental divisions and dichotomies between the different branches of the Republican conference, you have to get a sense that if one isn’t a barrier to reaching an agreement, they’ll come up with another one that will work,” said Tom Miller, a resident fellow with the conservative American Enterprise Institute.

Trump’s first pass at overhauling the Affordable Care Act collapsed in March when Speaker Paul Ryan withdrew his bill, the American Health Care Act, amid disagreements between conservative and moderates.

Still, a president eager for a political win urged voters in Wisconsin this week to pressure lawmakers to pass the bill. And on Thursday, told reporters that the GOP’s plan “gets better and better and better, and it’s gotten really, really good and a lot of people are liking it a lot.”

The GOP has been working to resolve divisions between the conservative House Freedom Caucus and moderate Republicans over how much flexibility to give states on regulations involving pre-existing condition protections.

While Trump and many moderates want to keep that popular element of Obamacare, GOP leaders — who have remained in negotiations over the recess — are mulling a compromise to conservatives that would allow states to opt out of the "community rating provision." It limits how much more insurers can charge the sick.

Republicans also are grappling over whether to allow states to opt out of another provision governing essential health benefits — a list of services insurers must provide under the ACA — if they can prove that doing so would reduce premiums or increase the number of insured.

Some members of the Freedom Caucus favor allowing states to opt out of the community rating provision, saying they lead to higher health care costs.

But proponents of it, including many moderates, point out that while insurers can't turn away a sick person, they could charge so much as to make care unaffordable. Some remain skeptical of the conservative solution to use high-risk pools to subsidize that coverage.

It's unclear what states would even seek to opt out, particularly as the Trump administration has already offered "innovation waivers" to help states pursue health care alternatives to the ACA.

Stacey Pogue, a senior policy analyst with the left-leaning Center for Public Policy Priorities in Austin, warns that doing away with the community rating protection could harm Texans.

In the years before the ACA, insurers reported average annual per-person premiums of \$3,000 to \$4,000, but maximum per-person premiums of \$30,000, she recently wrote, using 2006 data from the Texas Department of Insurance.

"Our history in Texas shows clearly that a guaranteed 'offer' of coverage with no pricing protections is essentially meaningless," Pogue wrote.

Rep. Tom Reed, a moderate from New York, sounded optimistic about allowing states to seek a waiver as long as their alternative proposal achieves the same effect as the community rating protections. "That may be a sweet spot" for compromise, he said this week.

Michael Cannon, director of health policy studies with the libertarian Cato Institute, argues that Freedom Caucus members can't afford to compromise on community rating, which he called the "centerpiece" of Obamacare. "You can't say you want to repeal Obamacare but not repeal it," he said.

He predicts Republicans won't be able to reach a compromise until more insurers withdraw from the individual marketplace, leaving Americans who rely on the ACA with even fewer choices and potentially higher costs.

"Who will cave at that point? I don't know," he said. "Usually the ones who want to limit government cave first."

But Barton, a member of the Freedom Caucus who supported Ryan's bill, says the crisis is already happening. In the past year alone, nine insurers withdrew from the Texas exchange, according to data from the Department of Health and Human Services.

“The health exchange markets are close to collapse,” Barton said. “We should try to deliver on our campaign promise, period.”

Trump could speed up that process, experts note, if he follows through on threats to stop funding the ACA’s cost-sharing reduction subsidies. The funds, remitted to insurers, help reduce health care costs for some of the country’s poorest covered by Obamacare.

House Republicans sued former President Barack Obama over the payments because Congress didn’t first approve the funds. Last year, a federal judge agreed, but let the subsidies continue while the Obama administration appealed the decision. The issue could come to a head next week when Congress reconvenes to pass a short-term spending bill.

The Kaiser Family Foundation suggest premium costs would need to increase by nearly 20 percent in some exchange plans should Trump halt the payments.

The president is betting that doing so could force Democrats to come to the negotiating table, telling *The Wall Street Journal* that while he doesn’t “want people to get hurt,” he believes that “Democrats will start calling me and negotiating.”

Cannon, the Cato scholar, thinks ending the subsidies could work in Trump’s favor by revealing the true cost of Obamacare coverage.

But Republicans would also risk owning the collapse, Kaiser polling suggests. More than 60 percent of people said that because Trump and Republicans are in power, they’re responsible for problems with the ACA, an early April survey by Kaiser found.

About 1.1 million Texans receive insurance through the ACA marketplace, with the majority living in Republican-held districts. That means GOP lawmakers could feel the heat.

Barton was less convinced that Republicans would face the fallout.

“Certainly the Democrats would argue we would, but we’d argue they’re the ones who made the mess,” he said. “The American people would make the decision who owns it.”

Lewisville Rep. Michael Burgess, a member of the Energy and Commerce Committee that helped craft the original bill, said he hopes the House can agree to a compromise, even if it’s not perfect. “And if the wizards in the Senate are able to make it a much better product, then God bless them,” he said this week.

But Dallas Rep. Pete Sessions, who supported the AHCA but also has proposed his own measure that would modify Obamacare, sounded less than hopeful.

“At some point, there’s going to have to be a realization that fixing health care, as opposed to an alternative, is what will get people’s votes,” he said.