ObamaCare: CBO report shows full repeal is better than partial repeal

Michael F. Cannon

February 1, 2017

After seven years of promising to repeal the Affordable Care Act (ACA), commonly known as ObamaCare, Republicans are toying with a dangerous strategy that would repeal the law's mandates and subsidies but leave intact its the most harmful feature — the regulations it imposes on health insurance. This is despite warnings that a partial repeal would be far more disruptive.

A new report by the non-partisan Congressional Budget Office (CBO) shows just how much more disruptive.

Thanks to ObamaCare's health insurance regulations, avoiding coverage losses and other disruption is not an option. Those regulations have caused premiums in the individual market to double, with the largest increases among women age 55 to 64.

ADVERTISEMENT

They are making coverage increasingly worse for patients with multiple sclerosis, rheumatoid arthritis, infertility, and other expensive conditions. They are threatening to leave many ObamaCare enrollees with no coverage at all: 17 percent of enrollees are one insurer exit away from their Exchange collapsing. Repealing them would cause premiums to fall for tens of millions of Americans, especially women over age 55, freeing them to purchase more secure and sustainable coverage.

Some people would lose coverage under full repeal. The CBO hasconsistently overestimated ObamaCare's impact on coverage while low-balling its cost, so the agency's projection that 23 million people would lose coverage is almost certainly an overestimate. Of those 23 million, some 19 million are currently enrolled in Medicaid; as many as 13 million would still be eligible after repeal, most of the remaining six million could obtain private insurance, and all of them could remain in Medicaid if states allow it. The actual number of

people who would lose coverage under full repeal is likely comparable to the number who would if and when ObamaCare collapses of its own weight.

Under full repeal, however, not only would premiums automatically fall for the vast majority of Exchange enrollees, but Congress could proactively provide a safety net for those who still cannot afford coverage and enact further reforms that improve healthcare for all Americans. Medicaid block grants, expanded health savings accounts, and other reforms would make healthcare better, more affordable, and more secure through lower prices and more sustainable coverage. Congress could even do it all in one bill.

Under the GOP's partial-repeal strategy, by contrast, the CBO estimates ObamaCare's regulations would cause premiums to rise an additional 20-25 percent next year and to double over the next decade. The regulations would cause health insurance markets to collapse, such that ten percent of Americans would not be able to purchase coverage at any price. All told, partial repeal would leave uninsured nine million Americans who would have insurance under full repeal.

Those costs would be due to ObamaCare itself, not a partial-repeal bill.ObamaCare architect Jonathan Gruber explains ObamaCare's mandates and subsidies exist to hide the costs of the law's health-insurance regulations. Repealing them merely makes those staggering costs transparent. Nevertheless, the public would blame Republicans for failing to repeal those regulations when they had the chance.

The reason Republicans are entertaining a partial-repeal is because they mistakenly believe Senate rules don't allow them to repeal the regulations with a simple majority.

With a 52-seat majority, Republicans don't have the 60 votes necessary to overcome a Democratic filibuster of a repeal bill. But Senate rules do, in fact, allow repeal of ObamaCare's insurance regulations through the special "budget reconciliation" process that requires only 51 votes to approve legislation. Even if the Senate parliamentarian misinterprets those rules — and this would be an egregious misinterpretation — a majority of the Senate can overrule that misinterpretation.

In short, the question is not whether Republicans can repeal the regulations. It is whether they have the will.

Reform cannot happen with ObamaCare's regulations on the books, however. Every day Congress delays, it relegates more patients with expensive conditions to lousy, overpriced coverage.

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