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## Ryan disappoints his friends with Obamacare replacement bill

*Close allies in conservative policies circles found little to love with the GOP's health care proposal.*

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House Speaker Paul Ryan has long been the darling of conservative policy wonks. But on one of the biggest days of his political career, when House Republicans released their much-anticipated Obamacare replacement, many of Ryan's closest friends in conservative intelligentsia expressed disappointment — if not outright dismay — with the legislation bearing the speaker's imprimatur.

Indeed, virtually every prominent conservative health care expert — precisely the sort of ideological allies that have backed Ryan in the past — panned this legislation.

The Cato Institute's Michael Cannon called it “a train wreck waiting to happen.” The American Enterprise Institute's Jim Capretta told POLITICO the GOP's decision to do away with a cap on tax credits for employer-based health insurance reflected a reluctance to “deal with reality.” Forbes's Avik Roy, widely considered one of the preeminent health care policy experts on the right, predicted the legislation would make insurance unaffordable for millions of the nation's poor and offered an analysis with subsections titled, “The Good,” “The Bad,” and “The Terrible.” The Wall Street Journal editorial board was the lone dissenter, calling the bill “the most consequential GOP social-policy reform since the welfare overhaul of 1996.”

“It is remarkable that they've produced a bill that is so out of touch with ACA opponents,” Cannon said. “The first rule in these situation is you want to dance with the gal that brung ya. You don't want to walk away from your base.”

Paul Ryan's spokesperson, AshLee Strong, took issue with that characterization.

“The bill is a compilation of reforms conservatives have fought for over many years including Medicaid block grants, HSA expansion, equalized tax treatment for health benefits, and repeal of Obamacare to the full extent reconciliation allows,” she said.

Conservatives have never seen eye to eye on just how to go about repealing and replacing the Affordable Care Act, and, over time, right-leaning Obamacare critics have fallen into two camps: those who favor scrapping Obamacare without providing alternative coverage for its beneficiaries and those who favor replacing Obamacare's subsidies with a tax credit, either flat or adjusted for the wealth and income of beneficiaries.

The origins of the current debate stretch back to June of 2016, when Ryan rolled out his own health care plan, as part of a broader policy vision he dubbed "A Better Way." The plan itself was the result of dozens of conversations with conservative think tankers over the years, and in it, Ryan planted his stake firmly in the camp of those who support replacing the current subsidies with a flat tax credit.

But the Republican-controlled House never voted on the plan and the tensions and disagreements that would normally have surrounded it receded into the background in the midst of the election season.

"There was never a vote or a poll taken on it," Roy said. In Congress, "people just kind of kept their mouths shut, they didn't complain about it and didn't endorse it, they just kind of left it alone."

Though Ryan's plan sprang from conservative circles — and served as a framework for the current bill — the legislation unveiled on Monday night includes many compromises Ryan's blueprint did not. Though conservatives anticipated making trade-offs by the time the bill was signed into law, seeing them in the House GOP's first proposal, when they had expected a purist bill that would be muddied later on, is raising hackles.

The current GOP bill has managed to rile all three major conservative camps. And a debate that as recently as a year ago was taking place in think-tank board rooms and congressional offices is now unfolding on the national stage.

House and Senate leaders seemed tacitly to acknowledge the precarious position they're in, vowing to push forward as quickly as possible, without a debate in Congress and despite the fact that the Congressional Budget Office hasn't given the bill an official price tag. Senate Majority Leader Mitch McConnell on Tuesday promised a vote on a health care bill by the end of April.

Though few conservative policy wonks harbored the illusion that an Obamacare replacement would not reflect some painful bargaining, they are by and large surprised to see the initial volley riddled with so many compromises, leaving one prominent conservative to lament: "This bill has no friends."

Perhaps the biggest flashpoint in the legislation is the 30 percent surcharge on those who allow their insurance coverage to lapse, which has led experts to warn the bill will entrench and exacerbate problems introduced by Obamacare. Roy speculated that origins of the provision lie in reports from several insurance companies, on earnings calls and elsewhere, that those who enroll in Obamacare exchanges outside the regular enrollment period are on average 30 percent costlier to insure.

“Once you create that rule, you create a different incentive structure —people who are healthy have an incentive to stay uninsured, and people who are very sick have an incentive to pay the 30 percent penalty,” said Roy, who called it a “recipe for adverse selection death spirals.”

It’s that prospect that has onetime Ryan allies warning that what should be a high point for the new Republican majority could cost them at the ballot box if they continue down the same path.

Cannon predicted Republican House members would be “hammered” by their constituents who see their health care deteriorate.

“I think if they actually enacted the House bill, they would create a mess in 2017, 2018, and 2019,” Capretta said.

He demurred, though, when asked about the chances that the legislation makes it to the president’s desk. “Normally leaders of Congress don’t proceed unless they think they have a pretty good chance of success,” he said. “It looks daunting to me but, you know...”