

The Washington Times

Trump's message to Democrats: Negotiate Obamacare, or payments to insurers will be cut

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April 16, 2017

President Trump is threatening to cut off critical Obamacare payments to insurers unless Democrats come to the table to negotiate a new health care bill, taking a tough negotiating stance that could force Democratic leaders into a government shutdown by month's end.

At stake are "cost sharing" payments that Obamacare backers say are supposed to be made to insurance companies to cover their losses from low-income customers.

A federal court has invalidated the payments, saying the Obama administration spent the money even though Congress specifically stripped the funds from its annual spending bills.

The government is still making the payments pending an appeal of the case, but Mr. Trump hinted last week that he would halt the payments himself, forcing Obamacare into a quick death unless Democrats agree to negotiate over major changes to the Affordable Care Act.

"If Congress doesn't approve it, or if I don't approve it, that would mean that Obamacare doesn't have enough money, so it dies immediately as opposed to over a period of time," he told The Wall Street Journal.

It's a risky gambit.

Democrats are resisting changes to Obamacare and are insisting that Congress add cost-sharing money into a must-pass spending bill later this month. Otherwise, they signaled that they would withhold their support for the spending bill, igniting yet another government shutdown showdown.

“Our argument to congressional Republicans is: You won. Your argument in this case is that Congress needed to appropriate these funds. OK, let’s do it,” said an aide to House Minority Leader Nancy Pelosi, California Democrat.

Mr. Trump is searching for leverage to make an Obamacare deal after his first effort, which relied entirely on Republicans, crumbled.

The cost-sharing payments, which totaled about \$7 billion last year, are critical to the survival of Obamacare. Without the payments, plans would likely drop out or raise their premiums across the board.

Michael Cannon, director of health care policy studies at the libertarian Cato Institute, said Mr. Trump has a duty to either stop the payments or keep appealing the court’s ruling, which isn’t feasible at this point.

“He needs to announce he is obeying the court order, the cost-sharing reduction payments will stop and that Democrats are preventing Congress from rescuing Obamacare’s growing number of victims,” Mr. Cannon said.

Democrats, though, said it’s Republicans who will feel political pain if they sabotage Obamacare now. They pointed to a poll from the Kaiser Family Foundation that says 3 in 5 Americans will hold Mr. Trump and congressional Republicans responsible for whatever happens to health care, now that they control the levers of political power in Washington.

Policy analysts said Mr. Trump doesn’t appear to have much political leverage in the broader fight.

“I probably don’t have to tell you that [Mrs.] Pelosi and [Senate Minority Leader Charles E.] Schumer are smarter than that and aren’t about to bail him out of the repeal-and-replace mess he is in. Particularly since he appears to be threatening to take Obamacare all the way down all by himself,” Robert Laszewski, a health care policy consultant in Alexandria, Virginia, wrote in a memo to his clients last week.

House Speaker Paul D. Ryan, Wisconsin Republican, has said the payments should continue while the lawsuit is pending in the appellate courts, though he hasn’t signaled whether they will be funded in this month’s spending bill.

“We continue to work with the Trump administration to evaluate the options in front of us,” Ryan spokeswoman AshLee Strong said.

Josh Blackman, a constitutional law professor at the South Texas College of Law, said that if Mr. Trump truly wants leverage, then he should cancel an Obama-era rule that lets members

of Congress and their staff keep their federal health care subsidies, even though they are mandated by law to use Obamacare's exchanges.

Regular Americans who buy plans through the exchanges are restricted from having employers contribute to their premiums, so critics of the carve-out say it offered special treatment to Capitol Hill insiders.

"If the cost-sharing subsidies are cut, the American people as a whole will feel it," Mr. Blackman said. "If the congressional subsidies are cut, the American people won't feel it. In fact, Americans may be upset that members of Congress are begin given special treatment. I think this issue plays well in the public arena."

For now, insurers caught in the crossfire say they tired of getting mixed signals from the administration.

Health care plans praised Mr. Trump for steps he took to stabilize the Obamacare exchanges, but they want the administration to guarantee that cost-sharing payments will flow through the end of next year.

"If the payments stop midyear, insurers will face unexpected liability and possibly losses for that year," said Allison Hoffman, a professor at the UCLA School of Law. "Since participation in the exchanges is tenuous as is, such losses could deter insurer participation."