



## Here's why House conservatives think only partial repeal of Obamacare regulations will punish the sick

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After President Trump and House Speaker Paul Ryan's office signaled that they'd be willing to ax Obamacare's "essential health benefits" to get a replacement bill across the finish line, holdouts from the House Freedom Caucus argued that unless there is a broader repeal of the regulations, such changes will only punish the sick.

"Repealing EHB, w/out making other substantial changes, would make the bill worse, not better," [tweeted](#) Rep. Justin Amash, R-Mich., a caucus member who opposes the bill in its current form. "It would hurt the sickest people on exchanges."

Though this was greeted in some quarters as another statement from a recalcitrant group that won't take "yes" for an answer, there is a policy rationale behind the point of view.

It's true that eliminating the 10 categories of "essential" benefits (such as maternity coverage and preventive care) would drive down the cost of insurance and provide more choices for healthy individuals, two goals of any repeal and replace effort.

The problem comes because the bill would then still leave in place not only the requirement that insurers cover those with pre-existing conditions, but also the restriction against charging more based on health status, a regulation known as community rating.

In such a market, healthy people would have every incentive to purchase the cheapest plans possible, knowing that they could always upgrade to more comprehensive plans if they get sicker, since those will be community rated. Also, insurers could reduce the number of sicker people on their rolls by offering slimmer coverage options. This exodus of healthy people could put comprehensive coverage out of financial reach for sicker individuals.

"In a community-rated environment, giving more choice to healthy individuals means worse coverage for those who are sicker," said Michael Cannon, an Obamacare opponent from the libertarian Cato Institute, who is sympathetic to the House Freedom Caucus position on regulations.

"This proposal shows bad faith," he said. "The President is being misled by incompetent advisors who will cause the GOP to lose both chambers of Congress if this bill passes."

At a very minimum, this debate underscores the difficulty of moving so swiftly to pass a healthcare bill. There is plenty of research on the market as it exists under Obamacare, as well as a good sense of what it would look like if the law were fully repealed. But when the bill is being drafted in a rushed matter, making piecemeal changes to win votes, it presents new scenarios that have yet to be studied and debated.

Few researchers, for instance, would have contemplated a scenario with the following combination: "essential health benefits" are repealed, insurers are allowed to charge older individuals five times as much for insurance (as opposed to three times as much), the mandate penalties are zeroed out, but many other regulations remain. That's a unique combination of changes that would typically be debated, allowing time for experts to weigh in and give testimony.

For this reason, lawmakers being asked to vote on this bill in such a rushed manner — especially if they do so without a revised score from the Congressional Budget Office — would be largely "flying blind," Cannon argues.