

The Detroit News

Mich. Dems, GOP spar on Trump's end of health subsidies

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October 13, 2017

Republican President Donald Trump on Friday urged Democrats to work with him to “fix” a federal health care law they argue he is attempting to sabotage after the GOP-led Congress failed to repeal it.

The Trump administration announced late Thursday it will immediately end cost-sharing subsidies to insurers used to help low-income and middle-income residents purchase insurance required under the Obama-era Affordable Care Act.

Michigan Democrats quickly blasted the decision, echoing the criticisms of House Minority Leader Nancy Pelosi of California and Senate Minority Leader Chuck Schumer of New York. The non-partisan Congressional Budget Office projects it will cause standard “silver plan” rates to jump an extra 20 percent nationally in 2018 and 25 percent by 2020.

“President Trump is continuing his hateful efforts to deny or disrupt health coverage for American families,” said U.S. Rep. Sander Levin, D-Royal Oak, in a statement. “His most recent decision to end needed federal assistance to help reduce out-of-pocket medical expenses will directly increase costs for millions of middle-class and moderate-income families.”

U.S. Rep. Debbie Dingell, D-Dearborn, called it a “spiteful decision” by the president, urging Republicans to work with Democrats to reinstate the subsidy payments.

Many Michigan Republicans said the subsidies were illegally created, but at least one said he hopes Congress will find a way to “legally” fund them. The Trump administration and the GOP-

controlled House contend the subsidies were inappropriately given to insurers without a congressional appropriation.

“President Trump was right to restore constitutional balance by ending these illegal bailout payments to insurance companies,” said U.S. Rep. Bill Huizenga, R-Zeeland.

Nearly 156,300 Michigan consumers received health plans with cost-sharing reduction subsidies. Republican U.S. Reps. Fred Upton and Dave Trott issued statements indicating they are willing to work across the aisle.

“I am one who believes that Congress should come together to legally fund these payments in order to keep those most vulnerable among us protected and covered,” said Upton, R-St. Joseph, adding he is committed to fixing the “long-standing health care mess.”

Trott, R-Birmingham, said Congress must “find a permanent — legal — legislative solution that provides certainty for Americans, and that includes ensuring we do not pull the rug out from under the people who have come to rely on this broken system.”

Battle over legality

Republican lawmakers filed a 2014 lawsuit seeking to end the subsidies, which a federal judge called unconstitutional in a 2016 decision that the administration of former President Barack Obama appealed.

Attorney General Jeff Sessions issued a memo this week stating that, in his opinion, “the best interpretation” of the health care law is that it does not appropriate funds for the subsidy program.

“The new administration has reiterated the fact it is up to the Legislative Branch to do something about it,” said U.S. Rep. Mike Bishop, R-Rochester.

Democratic attorneys general in nearly 20 states say they plan to sue the Trump administration to keep the money flowing. They argue the president is not following a legal requirement to pay the subsidies.

Michigan Attorney General Bill Schuette, a Trump supporter, is not joining the lawsuit. Uncertainty over the subsidies had already led insurers to request a collective 28 percent rate hike in Michigan and played a role in the Health Alliance Plan withdrawing plans it had expected to sell on the Michigan exchange.

The average rate request increase for next year is far higher than the 16.7 percent hike the state approved for this year. Marketplace insurers received average increases of 6.5 percent increase in 2016 and 8 percent in 2015.

“The Democrats ObamaCare is imploding,” Trump said in a Friday morning tweet. “Massive subsidy payments to their pet insurance companies has stopped. Dems should call me to fix!” U.S. Rep. Dan Kildee, D-Flint Township, meanwhile, urged congressional Republicans to “drop their obsession” with repealing the health care law and instead work across the aisle to make bipartisan improvements.

The Affordable Care Act requires insurers to offer plans with reduced deductibles and copays for people who buy plans on the exchange, depending on their income. Insurers have been receiving federal cost-sharing reduction payments to cover costs associated with that requirement. “By ending cost-sharing payments that help to lower premiums for Michigan families, the president is actively undermining our health care system and causing instability in the marketplace,” Kildee said.

Health insurers respond

The state’s largest insurer, Blue Cross and Blue Shield of Michigan, warned Trump’s move means higher premiums.

“Elimination of CSR funding means that 2018 premiums will be more expensive for all purchasers of ACA Silver plans, and it will be particularly challenging for people who don’t qualify for much of a tax credit,” Blue Cross Blue Shield of Michigan President and CEO Daniel Loepp said in a statement. “Congress should act to reinstate this funding, protect affordable coverage for people and keep private insurers in the market to offer coverage.”

With the subsidies gone, Michigan consumers will pay 10 percent more for marketplace plans regardless of whether they previously qualified for a subsidy, said Dominick Pallone, executive director of the Michigan Association of Health Plans. That’s because premiums are based on the cost of health care across the entire risk pool, Pallone said.

Premiums for employer-paid health care won’t be affected.

Michael F. Cannon, a health care policy expert with the libertarian Cato Institute, said canceling the subsidies will expose the full cost of health insurance premiums by preventing cost-shifting to taxpayers.

“Ending the CSR subsidies does not increase the cost of Obamacare coverage by one penny,” Cannon said in an email to The Detroit News. “It merely makes that cost more transparent to many Exchange enrollees.”

Rate change increase requests announced last month by the Michigan Department of Insurance and Financial Services were based on the assumption the subsidies would end, but Director Pat

McPharlin said Friday he was “disappointed” by the move, which “increases health insurance costs to Michigan residents.”

Michigan will have eight companies selling policies on the exchange this year, he said, and residents in every county will be able to choose from at least two different insurers when open enrollment begins next month.

Requested hikes ranged from 59.4 percent by Meridian Health Plan to a 16.5 percent by the Alliance Health and Life Insurance Company. HAP had requested a 24 percent increase but announced Sept. 15 that it was withdrawing plans it had sold on the Michigan marketplace. The CBO, in an August report requested by House Democrats, analyzed the effects of ending the payments. The non-partisan office found it would increase costs for silver-level plans typically bought by enrollees who earn between 100 and 250 percent of the federal poverty level.