

The Street

Here's What Donald Trump's Health Care Plan Means for the Economy -- and Your Wallet

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"Our health care is a horror show," Donald Trump declared at a Republican presidential debate in January. And now, he has a plan to fix it -- well, sort of.

The GOP frontrunner finally unveiled his proposal for health care reform this week, outlining some of the details of his vision after months of leaving voters to put together the pieces on his ideas about the issue. The seven-point plan calls for the repeal of Obamacare, the allowance of purchases of health insurance across state lines, and block-grant Medicaid to states, among other things.

"This strikes me as a mixture of what is mostly Republican orthodoxy...with a couple of oddball proposals," said Roger Feldman, professor of health policy and management at the University of Minnesota.

By the looks of it, long gone are the days of the Donald who once touted universal health care, though in true Trump fashion, this isn't exactly a magnum opus of policy wonkery, either.

"The outline of his health plan is nothing more than an outline that is so thin that you can't really make any assessments of what it would do, because from the outline, it wouldn't do much at all," said Merrill Matthews, resident scholar at the **Institute for Policy Innovation**, a Texas-based, right-leaning think tank.

"It's still more of a list of points than proposals, but we can kind of see the broad outlines," said Feldman.

Trump's pledge to toss out the Affordable Care Act is the most impactful of his proposals, albeit the most standard for GOPers. (House Republicans have voted more than 50 times to repeal all or parts of the health law.)

What is perhaps unique about Trump's plan is that the real estate magnate turned presidential contender isn't entirely clear about what he'll do once Obamacare is out.

"If we repeal the Affordable Care Act, are we also at the same time repealing guaranteed issue of insurance?" said Feldman. "If that's the case, then folks who have pre-existing conditions will find it very difficult to get insurance."

Trump has on numerous occasions on the campaign trail pledged to "take care of everybody," as recently as last week saying that "people are not going to be dying on the sidewalk" at a debate and just days prior telling Anderson Cooper he likes Obamacare's individual mandate. His campaign's plan, however, makes no mention of any of that, setting him apart not only from former Trump but also from other Republicans. Marco Rubio's plan, for example, at least makes mention of "putting protections in place to ensure those with pre-existing health conditions can get access to affordable health care."

It appears that part of Trump's plan to address the issue of the 11 million Americans who would lose insurance in the wake of Obamacare's repeal would be through adjustments to the tax code to allow individuals to fully deduct health insurance premiums from their tax returns (currently, only businesses and those who are self-employed can).

Some people -- essentially, those who buy health insurance who are not self-employed -- would benefit from that, Matthews said, but it wouldn't be an enormous amount of the population.

"It's not a bad idea, but it's not a big idea," he said.

The tax adjustments would also disproportionately help high-income individuals as opposed to those in lower income brackets. An individual who pays an \$8,000 health insurance premium won't benefit much from a tax deduction if they only owe \$1,500 in income taxes, and in turn, the tax incentive might not be enough to push them into coverage.

"Many of the low-income people who are obtaining coverage through the exchanges, and remember 85% of folks getting coverage through the exchanges are getting a subsidy for it, many of them would not buy insurance," Feldman said.

Other aspects of Trump's health care plan are either standard for the Republican Party or, in some instances, already exist.

Allowing consumers to buy insurance across state lines has long been part of the GOP mantra, and the potential impacts of such a change are debatable.

"I think it could be a potentially significant improvement in insurance," Feldman, who in 2011 co-authored a paper on consumer response to a national marketplace for individual health insurance, said in a separate October interview. "It would do that by allowing people to buy insurance in states with fewer regulations, and that would, in turn, cause a restructuring of the health insurance industry."

Matthews, on the other hand, disagrees, holding that a policy in another state may not translate to access to the network of physicians and pre-negotiated prices local policies often afford. "Those are regional, they're not national," he said, comparing it to looking at a house in Wyoming, deciding you want it in New York but insisting on the Wyoming price.

Health savings accounts (HSAs), which Trump's plan pledges to allow, are already in place in the United States (versions of them date back to the 1990s), and the billionaire doesn't exactly address how his proposal changes them.

The Cato Institute is currently advancing some policy proposals that would allow people to put more money into their accounts and delink those accounts from a high-deductible health plan, Feldman explained, adding that it could potentially be part of what Trump would do, even though he does not say it. "I'm reading between the lines," he said.

Trump's plan suggests that HSAs would be "particularly attractive to young people," a point Matthews disputes. "If you're making the contributions yourself, most young people don't have a lot of extra money to make that contribution," he said.

Perhaps the most unique aspect of Trump's health care plan, especially with respect to Republicans, is his proposal to remove barriers to entry into free markets for drug providers -- in other words, to allow consumers to access imported drugs from overseas.

"That is obviously very controversial, it has not been part of a major Republican proposal, although Senator John McCain from Arizona has supported it," said Feldman. "I think it represents Mr. Trump's basic skepticism feeling of opposition toward the pharmaceutical industry. He's not really a friend of theirs."

The argument for such a change in laws is that it would reduce drug costs.

"It does have a potential to bring down drug prices by making it a lot cheaper for people to obtain their prescription drugs," said Feldman, though he acknowledged that others might say domestic prices need to stay high in order to provide incentives for innovation.

Matthews echoed that it could result in at least a small drop in pharmaceutical costs, but there could be other and perhaps dangerous implications.

"If you can't control the distribution change, you don't know what's happening to that drug," he said. And like Trump's tax deductions, its impact would be disproportionate, largely impacting uninsured individuals who cannot take advantage of copays to fill prescriptions. "I think the market for that is probably limited and largely restricted to mostly uninsured people," he said.

Other parts of the plan are worth noting, too -- mention of mental health care reform and, of course, Trump's favorite theme of getting rid of illegal immigration -- but as with the entire platform, the details are slim.

"This is typical Trump," Matthews said. "You put out a few platitudes or statements, and you call it a plan."