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ObamaCare's Big Problem: Where's the Buy In?

Peter Suderman – November 12, 2012

One sign of a workable, successful program is that it attracts the participation of outside parties and partners. ObamaCare was designed to work with organizations across the health spectrum: Health providers, state governments, individuals. But so far, it's proven harder than most anyone expected to find willing participants.

Last year we saw the law's administrators struggle to gain support from crucial providers in ObamaCare's ACO (Accountable Care Organization) pilot program. The law encouraged the formation and operation of ACOs—large, highly coordinated health provider groups—based in part on the experiences of a number of well-regarded health systems across the country: organizations like the Mayo Clinic, the Cleveland Clinic, Geisinger Health System, and Intermountain Healthcare. The problem? Those clinics—the models on which ObamaCare's ACO rules were designed—declined to participate in Obama's ACO pioneer program. One reason, according to statements from several of the organizations, was that the law's proposed ACO rules were too restrictive and too prescriptive.

This week we're seeing that model provider groups may be wary of more than just the law's ACO program. Utah's Intermountain Healthcare, a 23-hospital system which President Obama cited in 2009 as a model health organization for its high quality care and below-average costs, has expressed strong reservations about the law's Medicaid expansion, which is expected to provide as much as half of the law's coverage expansion.

Kaiser Health News reports that Intermountain participated in a letter by the Utah Hospital Association (UHA) declining to endorse the law's state-driven Medicaid expansion. There are still too many "practical and political questions around the full expansion that have yet to be answered," a spokeperson for Intermountain told KHN.

Earlier this year, the Supreme Court ruled that states could decline to participate in the Medicaid expansion without risking existing Medicaid fund. The letter from the UHA gives Utah's legislators good reason to be cautious. It notes that if Utah decides to implement ObamaCare's Medicaid expansion, the cost over the next

decade is projected to come in at $1 billion. UHA president Robert Betit told KHN that the expansion “could be difficult for the State to sustain in the years ahead.”

This is a bad sign for ObamaCare’s stability and workability. Model private providers are opting out of the law’s ambitious delivery system reforms. Other providers are expressing great skepticism about a major part of the law’s coverage expansion. This does not strongly suggest that ObamaCare is shaping up to be a healthy, successful program.

It’s not just private providers either. Like Utah, other states will have to decide whether to participate in the law’s Medicaid expansion. They will also have to decide whether to create insurance exchanges. And the law is running into significant resistance. Cato Institute Health Policy Director Michael Cannon notes that 14 states have made it illegal to operate an insurance exchange.

Even amongst states that have not outlawed exchange creation, there is little strong desire to do so. Originally states were supposed to declare their intention to either set up an exchange or not by November 16, 2012. But states have been so hesitant to do so that the Department of Health and Human Services got rid of the original hard deadline and replaced it with an extended “rolling deadline.” Which, as Cannon says, is not much of a deadline at all.

Individual participation levels have been similarly low. The law created special health plans for those with preexisting conditions. Enrollment in these plans was expected to reach 375,000 by the end of 2010. Instead, by the end of 2011 there were only about 50,000 people enrolled. At this point, there are only about 77,000.

This reluctance comes despite a fair amount of administration cajoling. Not only did HHS extend the exchange creation deadline, it also beefed up the marketing budget for the preexisting condition plans in an effort to boost enrollment and redirected some of the program’s funds to making the premiums lower. After an initial draft of the ACO regulations was met with great resistance, HHS published a revised and updated version designed to seem somewhat more friendly to skeptical health systems.

Yet despite the administration’s repeated efforts to make ObamaCare more palatable, it’s still having trouble getting third parties to buy in. Indeed, to some degree the problem extends to the public at large, which has never shown much enthusiasm for the law. ObamaCare's consistently low poll numbers tell us that despite last week's election, the public isn't buying into the president's health care law either.