

Is Obamacare Fueling the Opioid Overdose Death Rate?

Jeffrey A. Singer

August 21, 2017

A record 33,000 people died from an opioid overdose in 2015, the majority from heroin. The Affordable Care Act (ACA) might actually deserve a share of the blame.

The ACA requires insurance companies to charge the same insurance premiums to individuals regardless of whether they already have expensive health conditions. This policy, known as community rating, has had the effect of causing premiums to skyrocket across the board, as was shown in a recent study by McKinsey and Company. The ACA's "risk-adjustment" program, meanwhile, was intended to compensate insurers for the cost of taking on enrollees who are already sick, but the program systematically underpays. It amounts to an effective penalty on networks that are seen as having the most appealing benefits for insurance enrollees who are already sick.

As a consequence, insurers have started designing health plans to have narrower provider networks, drug formularies, and prescription copayment schedules that are unattractive to such patients, hoping they will seek their coverage elsewhere. This race to the bottom between the health plans may result in decreased access and suboptimal health care for many of the sickest patients.

And that's where the opioids come in. Researchers at the University of Texas and Harvard University, in a National Bureau of Economic Research working paper, show "some consumers are unprofitable in a way that is predictable by their prescription drug demand," and "...Exchange insurers design formularies as screening devices that are differentially unattractive to unprofitable consumer types," resulting in lower levels of coverage for patients in those categories.

The researchers rank drug classes by net-loss to the insurer (per capita enrollee spending minus per capita enrollee revenue). Drugs classified as opioid antagonists used to treat opioid addiction, such as naltrexone and naloxone, exact the third-highest penalty on insurers, about \$6,000 for every opioid antagonist user. (See Table 2.)

This suggests that patients suffering from opioid dependency and/or addiction (there is a difference) are victims of the race to the bottom spawned by the ACA's community rating price controls.

And it's probably not a coincidence that insurance companies are taking major steps to get their participating providers to curtail their prescriptions of opioids. States have been taking steps to cut back the prescription rate as well. Forty-nine states have monitoring programs to surveil both doctors and patients as a part of that effort, and many states have caps on the number of opioid pills that may be prescribed to patients in any given timeframe.

This is having an effect. The latest report from the CDC shows prescriptions of opioids over the past few years are steadily coming down. But opioid overdose deaths continue to rise, and heroin is replacing prescription opioids as the major culprit.

There is growing evidence that, as doctors curtail their opioid prescriptions for genuine pain patients, many in desperation seek relief in the illegal market, exposing them to adulterated opioids as well as heroin.

Thus, the opioid overdose crisis and the ACA mandates--especially community rating--combine to create a perfect storm. Insurers team up with state and federal regulators to curtail the prescription of opioids for chronic pain patients, leading many to suffer needlessly and driving some, in desperation, to the illegal drug market and the risk of death from overdose. Meanwhile, the ACA penalizes insurers who help patients seeking rescue from the torment of dependency and addiction.

Dr. Singer practices general surgery in Phoenix, AZ and is a Senior Fellow at the Cato Institute