



Can Obama recover from the 'bungled' health-care rollout?

By Mark Gollom

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When Barack Obama's former press secretary used terms like "bungled badly" and "excruciatingly embarrassing for the White House" to describe the Affordable Care Act's online rollout, it's little wonder the president saw the need to engage in some quick damage control.

Speaking at the White House Rose Garden on Monday, [Obama defended his policy](#), which seeks to eventually cover more than 30 million Americans currently without health insurance and those who had been denied coverage because of pre-existing health conditions.

Millions more low-income Americans will also be covered through the expansion of Medicaid to the states, though some Republican governors, fearing federal subsidies may eventually end, have opted out.

The president has had some political cover for the "bungled" roll-out, as it was described by former press secretary Robert Gibbs, with the country's attention focused on the partial government shutdown and debt ceiling crisis.

But technical problems continue to prevent millions of Americans from logging on to the HealthCare.gov web site. And with some Democrats also slamming the rollout, the pressure is on Obama and the White House to quickly resolve issues that could cause significant problems for the president's signature legislative achievement and to his presidential legacy.

Michael Tanner, a senior fellow at the Cato Institute who specializes in health care and a critic of Obamacare, said if officials are able to fix the web site quickly, the troubled rollout could soon be forgotten.

"If it goes on, the answer is no. You never get a second chance to make a first impression. And if people think this is a mess, they're going to tie it back constantly — everything that goes wrong from here on out," he says.

Obama admitted that the launch of HealthCare.gov — the federally run web site created to allow Americans to sign up for health insurance — "hasn't worked as smoothly as it was supposed to work." (To which Washington Post blogger and Obamacare supporter Ezra Klein snarked back in his blog: "Hasn't worked' is closer to the truth.")

Some of the criticism lobbed at the White House stems from officials' repeated assurances that the web site would be ready to go by the Oct. 1 launch date.

Although Obama stressed that his health-care plan is more than a web site, he acknowledged that there are no excuses for the glitches and that his team is on the case, day and night, "working out the kinks."

But others have suggested the technical problems could be more severe, and that it could be several weeks until the issues are resolved.

Deadlines loom

This poses a potentially major problem for the administration, which has set deadlines for when people must sign up for the individual mandate, which forces Americans to buy insurance or be financially penalized.

With Dec. 15 the first deadline to ensure coverage for Jan. 1, 2014, those attempting to fix the web site may not have a lot of time.

"I think they have about a month or so before it becomes impossible for them to reach the numbers they need to reach," said Tanner.

Although March 31, 2014, is considered the final deadline, Americans need to be signed up by mid-February to avoid a penalty of \$95 or one per cent of their taxable income, whichever is larger.

The White House is expecting seven million people to be enrolled by the end of March. However, Obamacare hinges on spreading the insurance risk, meaning about 2.5 million to three million of those enrolled have to be young and healthy people. They would effectively subsidize the elderly and the sick, since younger, healthy people are less likely to get sick and use insurance.

Tanner said that if the computer glitches dissuade young people from signing up and they decide instead to incur the penalty, it would be disastrous for Obamacare.

"If only sick people go in there, then whatever premium you're charging isn't going to be sufficient to cover them, and the system breaks down," Tanner said.

'Death spiral'

In actuarial terms, this is known as the “adverse selection death spiral,” in which the healthiest of the sickest keep dropping out as premium rates skyrocket.

“It keeps going into this death spiral until eventually the insurance market collapses,” Tanner said.

So far, the Obama administration has said that 19 million people have looked at the web site and that half a million people have gone through the application process.

But officials have refused to say how many have actually enrolled, instead telling The Associated Press that those numbers won't be available until mid-November.

“They say, ‘Oh, reporters, you’re just obsessed with this enrolment figure.’ Well, that’s because the enrolment figure is the only thing that tells us whether it’s actually going to work,” Associated Press reporter Julie Pace told MSNBC.

If technical glitches continue to plague the web site, and Americans are unable to sign on, the administration could be put in the position of having to delay the individual mandate rollout. Ironically, this is one of the demands the Republicans made during the partial government shutdown.

Meanwhile, the Wall Street Journal reported that health insurance companies say they are getting flawed applications, including spouses reported as children, missing data fields and suspect eligibility determinations.

But Tanner said the problems are more systemic than the web site and its related issues.

He said the president’s claim that everyone would be able to keep an existing insurance plan has already proven to be “demonstrably untrue,” and that some are already getting notices that their current insurance plan doesn't meet the standards and new regulations passed under Obamacare.

Premiums will vary

While costs for premiums will vary state by state, the U.S. Department of Health and Human Services has estimated that Americans on average will pay \$328 a month for insurance premiums. The state of New York, which has the highest premiums in the country, will see its rates cut by 50 per cent. Some consumers will also qualify for subsidies to lower their rates even more.

But Tanner said many of those costs will be incurred by younger people, who will see their premiums go up.

As well, a number of insurance companies have balked at participating in the health-care exchanges, meaning less competition could also spike rates.

But Obamacare critic Sally Pipes, of the Pacific Research Institute for Public Policy, said the bigger issue is whether people will have the same coverage in terms of access to doctors, hospitals and services.

"I think when people see what kind of insurance is available, what it's going to cost, what it covers, that's going to be a huge eye-opener. I think you're going to see a lot of people say, 'This, Mr. President, isn't what you promised us.'"