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The agony of ObamaCare's collapse has just begun

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Listen closely. That's the sound of a health care plan dying.

With the announcement this week of massive premium hikes for health insurance purchased through exchanges, it has become impossible to pretend that the Affordable Care Act is itself healthy.

Figures released by the Department of Health and Human Services warn that premiums for the benchmark Silver plan in each state will rise by an average of 22 percent nationwide. In New York, the average weighted increase for all plans will be less, but a still-substantial 16.6 percent. Some popular plans will have higher increases. UnitedHealthcare, for example, will see a 28 percent increase.

New Yorkers are lucky. In some states, the increase will be much, much worse. In Arizona, for example, premium hikes for the benchmark plan for a 27-year-old will reach an extraordinary 116 percent. In 11 states, these premium hikes will top 40 percent.

ObamaCare's defenders will point out that for many people hit by these rate hikes, ObamaCare provides subsidies that will offset some of the cost. But subsidies don't reduce costs, they just shift them to taxpayers. Besides, even after accounting for subsidies, several million Americans are going to end up paying more.

And not only are they going to pay more, they're going to get less. Deductibles, for example, have risen steadily since the ACA began. The average deductible for a family with a Silver plan now exceeds \$6,400. Total out-of-pocket costs can exceed \$12,000.

This is on top of rapidly shrinking provider networks that make it increasingly difficult to keep your doctor. As Bill Clinton famously said, "People are paying twice as much and getting half the coverage."

But at least the ACA is doing away with that whole pesky choosing-your-insurer headache. Increasingly, insurance companies are dropping out of the exchanges altogether. Fully one-third of US counties now have just one insurer participating.

Perhaps all of this is one reason enrollment in ObamaCare is expected to fall well short of estimates next year. HHS estimates average monthly enrollment in the exchanges will be just 11.4 million in 2017. That's less than half of the 24 million previously projected by the Congressional Budget Office.

All of this was entirely predictable. The ACA prohibits insurers from denying coverage to people who are already, or likely to become, sick. Nor can insurers charge those sick people more.

Those provisions are enormously popular and have undoubtedly benefited many people with pre-existing conditions. But the cost of providing benefits to those older and sicker patients must be offset somewhere, generally by increasing the previously low premiums paid by the young and healthy.

As a result, the old and sick have flocked to ACA plans, driving up the cost of those plans.

Meanwhile, the young and healthy have looked at the high premiums and their low likelihood of needing expensive care, and made the rational decision to forgo insurance. This is what is known as “adverse selection.”

Faced with a more costly insurance pool, many insurers have simply decided to quit a losing game.

Others have responded with the rate hikes. The danger is that the latest premium hike will mean that more young and healthy people will choose to go without insurance. The insurance pool will then become even older and sicker. Insurance companies will respond by hiking rates yet again. And so on. The spiral into dysfunction continues.

It’s true, of course, that a relatively small portion of Americans get their insurance through the exchanges, roughly 3.5 percent. Most Americans still receive their insurance through work, where premium hikes have been lower. But there’s no reason to believe that ObamaCare’s problems won’t eventually spill over into the employer market.

The good news is that ObamaCare’s problems have now gotten so bad that even Democrats are admitting something needs to be done. The bad news is that there remains an almost unbridgeable divide over what that something should be.

Democrats, including Hillary Clinton, want to see more government control over the health care system, including price controls and a government insurance plan, the so-called “public option,” which would almost certainly take us down the road to a single-payer system. Republicans cling to the slogan of “Repeal and replace,” but without offering a comprehensive alternative.

That’s a recipe for continued gridlock in Washington. Meanwhile, ObamaCare will continue to spiral down toward its inevitable and very painful death.

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