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Obamacare Replacement: What To Expect

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Republicans have begun the long and complex road to repealing and “replacing” Obamacare.

Initially, any changes will be small and incremental. Repeal won’t happen overnight, or all at once. Rather, Republicans are likely to establish a sunset date, three or four years from now, allowing time to craft a replacement. Still, sooner or later, we’ll be living under a very different health-care system.

One of the first things most Americans are likely to find is that they’ll have more choices when it comes to buying insurance. You may have to pay more for insurance that covers some providers and conditions, but you’ll also be able to buy cheaper, less-comprehensive insurance if you want.

Obamacare required all insurance to cover a wide-ranging — and expensive — “essential benefits package.” Repeal will mean more of an a la carte approach to insurance, based on individual consumer preference.

In fact, this is likely to be one of the first changes to Obamacare. While the law requires that there be an essential-benefits package, it gives the president a great deal of discretion in determining what that package should be. So President Trump can take action by executive order to repeal some of the requirements that President Obama included.

People will even have the choice not to buy insurance at all, since the much-reviled individual mandate will be gone. Going without insurance may not necessarily be a wise choice, but it does re-establish a fundamental limit to state power over the individual. And it allows young and healthy people to purchase low-cost catastrophic coverage that makes much more sense for them.

Consumers won’t just find more options in the types of plans; there should also be more insurers to choose from. Repeal will lure insurers back into the market.

Finally, a replacement plan will almost certainly let you shop for insurance out of state. Allowing consumers to shop across state lines will force some much-needed competition into the insurance market.

The majority of Americans who get their insurance through their employer are also likely to see more choice. That’s because any Obamacare replacement is expected to significantly expand Health Savings Accounts.

HSAAs shift control of health-care spending from employers to employees. An expansion of HSAAs will most likely allow much larger tax-free contributions to these accounts, and allow them to be used for more health-related expenses, including insurance premiums. That would mean that you — not your boss — would be able to choose your insurance plan.

In general, most consumers will find themselves with more and better insurance choices after ObamaCare is repealed.

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