



## Conservatives Blast GOP Plans for Obamacare ‘Bailout’

Critics rip talk of 'stabilizing' insurance market by boosting subsidy funding

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August 30, 2017

Sen. Lamar Alexander (R-Tenn.) will try to build consensus next week around narrow tweaks to Obamacare that could draw bipartisan support and fix the health law's biggest flaws.

It is unlikely such an effort will produce anything meaningful, however, according to conservative activists and health care scholars.

“It’s going to be very small,” said Michael Tanner, a senior fellow at the libertarian Cato Institute. “Essentially, what it’s going to be is a bailout for insurance companies. And it will probably be successful for a couple of years. But it’s not going to fix the long-term problems.”

The "bailout" is a reference to taxpayer subsidies for low-income insurance customers who purchase plans through online government exchanges. One of those subsidies, known as cost-sharing reduction (CSR) payments, provides insurance companies with funds to help "silver" policy customers making up to 250 percent of the federal poverty line pay out-of-pocket expenses and copayments.

Congress never formally authorized the payments, and a federal judge in Washington last year declared them illegal. President Donald Trump has continued to make the payments while the case proceeds on appeal, but he has hinted that he might yank the payments to hasten the Affordable Care Act's collapse — and force Congress back to the drawing board on efforts to repeal the law.

Some experts believe that uncertainty over the CSR payments is helping to drive premiums higher. Alexander, chairman of the Senate Health, Education, Labor and Pensions Committee, has expressed a desire to see Congress fund the program in order to shore up the individual insurance market. His committee plans two days of hearings next week, with the support of the ranking Democrat, Sen. Patty Murray (D-Wash.).

Jason Pye, vice president of legislative affairs at FreedomWorks, said the true purpose of the hearings is evident by the word "stabilizing" in the title of both hearing days.

"To me, and I think to our community, the 'market stabilization' ... is just a euphemism for a taxpayer-funded bailout for health insurance companies," he said. "It's clear to me that is where this is going."

Pye said Republicans who are trying to rescue Obamacare are "doing what they always do in situations like this, putting more spending on the backs of taxpayers."

Tanner said the only way to stop the spiraling premium hikes that are driving up the cost of health care and pushing insurers out of the government exchanges is to repeal the regulations that make insurance so costly. That depends on the willingness of Senate Democrats to agree to flexibility on provisions such as the "essential health benefits" that insurers must provide. But Tanner said the party — particularly its activist base — has moved hard to the left and now demands nothing less than a single-payer health system.

"I just don't see Democrats being willing to do anything other than market stabilization because they want Republicans to own it," he said.

Edmund Haislmaier, a senior fellow at The Heritage Foundation, agreed that Democrats hold the key.

"To be meaningful, what you're going to have to do is provide some regulatory relief," he said.

Haislmaier said that even making the cost-sharing reduction payments permanent would do little since it covers only a small part of the population — low-income people who have "silver" policies.

"It doesn't do anything to stabilize the market," he said.

Some Obamacare defenders argue the market already is stabilizing, pointing to the failure of predictions that there would be "bare" counties in which no insurance companies were selling plans on the government exchanges. Counties that were in danger of having no providers have gotten at least one insurance company to commit to coverage next year.

Haislmaier said it never was a realistic possibility that counties would end up with no insurers. With the government offering millions of dollars in taxpayer funds and no competition, he said, an insurance company can enjoy monopoly power with the ability to charge whatever it wishes and a guarantee that the government will pay for most of it. Customers making up to 400 percent of the poverty line are eligible for assistance paying premiums.

There are five states in 2017 — and three more coming next year — with only one insurer in the market.

The bigger danger, Haislmaier said, faces people in underserved counties who make too much to qualify for subsidies. He said they run the risk of having no alternatives outside of the government exchanges. That has not happened yet, but he pointed to South Dakota, where Wellmark Blue Cross Blue Shield, the state's dominant insurer, has announced it will renew existing policies but not sell new ones.

If trends continue, Haislmaier said, some people might find themselves with no alternative but to buy from the single insurance company that sells policies on the government exchange in the counties in which they live — but without the benefit of government assistance. Some of those people might not be able to afford the coverage, he warned.

"That's the danger, that this is uninsuring the insured," he said.

Mark Meckler, president of Citizens for Self-Governance, said Alexander's planned hearings are more than a waste of time.

"It's worse," he said. "And I think Lamar Alexander needs to be removed."

Meckler said Alexander should focus his energy on pushing recalcitrant Republicans in the Senate to honor their years of promises to repeal Obamacare.

Apart from the Alexander-Murray approach, Sens. Lindsey Graham (R-S.C.) and Bill Cassidy (R-La.) are pushing their alternative proposal to turn Obamacare into a block-grant program that would send the Affordable Care Act tax revenue to the states, with the flexibility to design their own health systems.

Meckler said he is unsure of the details but added that it sounds like an improvement over the current system, if not full repeal.

"If you get all of the money and the control," he said, "that's one step better."