



## Three cheers for the Republicans who let McConnellCare sink!

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Kudos to Sens. Rand Paul (R-Ky.), Jerry Moran (R-Ks.), and Mike Lee (R-Utah) for putting an end to the proposed “Better Care Reconciliation Act,” a.k.a. McConnellCare. And kudos to Sen. Susan Collins (R-Me.) for opposing it too, even though she did so for the wrong reasons.

Now the GOP can get on with other issues like tax reform and go back to the drawing board on health care reform. (Editor’s note: As this article was being edited, Senate Majority Leader Mitch McConnell announced the Senate would vote on Obamacare repeal – straight repeal, not replacement – next week.)

As usual, we have conservative commentators accusing these senators of being purists. Jim Geraghty thinks these Republican senators opposed McConnellCare because it left in place some of Obamacare’s tax hikes, ones that could have been removed in tax reform later in the year. “But no,” Geraghty writes, “these guys have to torpedo this particular bill, and its effort at improvement, in the name of some theoretical much better version that has yet to be written.”

Alas, I doubt Moran and Lee would have held out on the taxes. Rather, the main problem was the efforts by Senate Majority Leader Mitch McConnell (R-Tin Ear) to keep Obamacare’s “protections” for preexisting conditions.

The first version of McConnellCare adopted much of the “American Health Care Act” passed by the House back on May 4. That bill would let states opt-out of Obamacare’s regulations including “guaranteed issue,” the portion of Obamacare that requires insurers to cover people with preexisting conditions. Alas, McConnellCare kept that in, because some moderates like Sens. Lisa Murkowski (R-Ala.), Bill Cassidy (R-La.), and Collins were afraid of voting for a bill that might cause those with preexisting conditions to lose their Obamacare insurance.

Alas, this was a case of wanting to have your cake and eat it too. Going forward, all Republicans must realize that you can either force insurers to cover people with a preexisting condition and deny insurers the ability to properly underwrite their premium or you can have an individual insurance market that functions. You can’t have both.

(As a side note, there are ways to cover people with preexisting conditions and do it in a manner that helps people who will be losing the insurance they purchased on the Obamacare exchanges. And, it can be done in a way that puts Democrats on the defensive. See here.)

Currently, the exchanges, Obamacare's version of the individual market, are falling apart because of guaranteed issue. That's why insurers are fleeing the exchanges in droves—the latest being Anthem Blue Cross and Blue Shield of Ohio. That's why those insurers that remain are increasing premiums by well over 20 percent for 2018—the latest being Washington State where insurers are requesting a 22 percent hike.

Sen. Ted Cruz (R-Texas) then offered an amendment that fixed this. His amendment would allow insurers to sell most any policy they liked as long as they agreed to sell two Obamacare-compliant policies on the exchanges. Thus, insurers could offer cheaper policies free from most Obamacare regulation. Alas, the Senate GOP screwed that up as well by forcing insurers to put their Obamacare-compliant plans and their non-compliant plans into the same “risk pool.” Here is the Cato Institute's Michael Cannon on why that wouldn't work:

The “single risk pool” price controls would require insurers to increase premiums for both ObamaCare-compliant plans and non-compliant plans by the same percentage. If claims in the complaint market necessitate a 10 percent increase, while claims in the non-compliant market necessitate only a 6 percent increase, the insurer would have to increase premiums in the former market by too little and/or increase premiums in the latter market by too much.

So, the non-compliant plans that are supposed to be cheaper, and hence attract more young and healthy people, wouldn't be that cheap for long. They would soon be rising at rates much higher than if they had their own risk pool. That's bad for consumers and bad for members of the party that promised to replace Obamacare with something that would reduce the cost of health insurance.

In short, the original McConnellCare was a ship with a big hole in its hull. Cruz plugged that hole, and then someone else, likely McConnell, opened up another one.

Had the GOP passed this bill and President Trump signed it into law, it would have caused much of the same problems that the Obamacare exchanges are already facing. The only difference is that the GOP would then be culpable for the mess.

Trump, congressional Republicans, and conservative commentators should be lauding the likes of Paul, Lee, Moran, and Collins for preventing a disaster. But chances are, they'll be vilified for it.