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Trump's threat to end Obamacare subsidies would hurt middle class the most, experts say

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WASHINGTON — President Donald Trump is threatening to further destabilize the health insurance market unless GOP lawmakers try — again — to pass an Obamacare repeal bill.

In the days following the Senate GOP's failure to pass a narrow repeal measure, an angry Trump tweeted that cost-sharing reduction subsidies, or funds remitted to insurers to help reduce health care costs for low-income Americans, could "end very soon" if a new health care bill isn't approved "very quickly."

Health policy experts have long warned the move will drive up premiums and cause insurers to bail. Experts say that the poorest insurance buyers will be protected because subsidies from the companies would remain, leaving the middle class to bear the brunt of premium hikes.

But on Monday, an undeterred Trump doubled down.

"If ObamaCare is hurting people, & it is, why shouldn't it hurt the insurance companies & why should Congress not be paying what public pays?" he tweeted, also referencing a threat to end the employer contribution for lawmakers' health insurance.

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It's not the first time the president has floated ending the subsidies. But with another round of payments looming, Trump is re-upping the threat in hopes of forcing GOP lawmakers to stay focused on dismantling the Affordable Care Act, even after last week's failure to pass a "skinny repeal."

Health policy analysts say even if Trump doesn't act on his threat, imperiling the payments could cause insurers, who must set their rates for the following year by September, to hike premiums or leave the ACA exchanges altogether.

"To some extent, it doesn't even matter if the Trump administration follows through on this threat," said Cynthia Cox, a health policy expert with the Kaiser Family Foundation. "We're already seeing insurers raise the rates more than they otherwise would because of political uncertainty."

Some fear that will backfire on Republicans — who hold the White House and majorities of both the House and Senate — if they're blamed for the fallout.

How we got here

House Republicans sued former President Barack Obama in 2014 over the payments because Congress didn't first approve the funds, estimated by the Congressional Budget Office at roughly \$7 billion a year.

Last year, a federal judge sided with the House, but let the subsidies continue while the Obama administration appealed the decision.

The Trump administration inherited the lawsuit and could drop the appeal, thus ending the payments unless Congress formally authorizes the money.

In other words, Trump has no legal obligation to continue funding the subsidies.

"The Constitution requires the president to 'take care' of laws faithfully executed. ... These payments were never authorized by Congress, so the Take Care Clause actually prevents him from making them," said Josh Blackman, a constitutional law professor at the South Texas College of Law in Houston.

Halting the payments "would be the correct legal decision," Blackman continued, though he added it would no doubt invite lawsuits from insurers who are legally required to reduce low-income enrollees' cost sharing.

Effect on marketplace

The Kaiser Family Foundation has previously estimated that premiums under the ACA's silver plans — those eligible for cost-sharing subsidies — could rise 20 percent if the payments end.

Devon Herrick, a Dallas-based health economist, noted that low-income people wouldn't feel the pain because their tax subsidies would also rise with premium costs. That leaves middle-class people who don't receive subsidies picking up the tab.

"Even if didn't affect the lowest-income people, it would still create uncertainty for insurers and price higher income people out of the market," he said.

The ACA exchange will "deteriorate to the point where only those receiving generous subsidies and the sick are in the risk pool," he continued. "Trump is betting Congress won't let that happen."

In a tweet storm on Monday, Kaiser senior vice president Larry Levitt warned that halting payments could encourage more insurers to leave the exchange. "If insurers perceive that the administration is going to continue to undermine the insurance market, they could just exit. That's rational," he wrote.

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If more insurers exit, there could be more bare counties, and many marketplace enrollees in those counties would end up uninsured.

Nine insurers withdrew from the Texas exchange last year alone, according to data from the Department of Health and Human Services.

Kaiser estimates that ending the payments could cost the federal government billions more than it spends on them as the value of premium tax credits would also rise. For fiscal year 2018, Kaiser predicts taxpayers would see a net increase of \$2.3 billion in federal costs.

States that didn't expand Medicaid, such as Texas, could be hit even harder as they have a bigger share of enrollees who qualify for the largest cost-sharing reductions. "That could create political problems for Republicans and Republican governors" of states that didn't expand Medicaid, Herrick added.

Some experts, including the Cato Institute's Michael Cannon, director of health policy studies, have previously told *The Dallas Morning News* that ending the subsidies could be a good thing in that it reveals the actual cost of Obamacare.

Unsure bet

With Senate Republicans still licking their wounds from last week's defeat, it's unclear whether Trump's gamble will work.

GOP leaders have signaled eagerness to move on to issues such as overhauling the nation's tax code before returning to the thicket of health care.

Asked if Senate Republicans plan to take up health care anytime soon, Texas Sen. John Cornyn — the Senate majority whip — told reporters on Monday: "We're just thinking about everything right now."

Maine Sen. Susan Collins, who with Arizona Sen. John McCain and Alaska Sen. Lisa Murkowski were the sole Republicans to vote against advancing the GOP measure last week, told CNN that Trump's threat won't change her vote.

She's among those to call for traditional hearings to craft a solution for the ACA's problems. A first order of business, Collins told CNN, is for Congress to appropriate the payments in order to stabilize the marketplace.

Her stance was echoed by a bipartisan group of House lawmakers, who unveiled a plan on Monday to authorize the payments, in addition to other measures they say will stabilize the marketplace.

Over the weekend, White House counselor Kellyanne Conway said the president would make the decision on the cost-sharing reduction payments sometime this week.

On Monday, the president didn't respond to a reporter's question about whether he has made up his mind.