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Obamacare is now optional

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At long last, the Trump administration has created a “freedom option” for people suffering under Obamacare. A final rulemaking issued Wednesday reverses an Obama-era regulation that exposed the sick to medical underwriting. The new rule will expand consumer protections for the sick, cover up to two million uninsured people, reduce premiums for millions more, protect conscience rights, and make Obamacare’s costs more transparent. And unlike President Barack Obama’s implementation of his signature healthcare legislation, it works within the confines of the law.

Federal law exempts “short-term, limited duration” health insurance from having to carry the unwanted coverage and hidden taxes Obamacare requires. Many consumers have understandably taken refuge from soaring Obamacare premiums in short-term plans.

Hoping to force those consumers into Obamacare plans, the Obama administration sabotaged short-term plans by stripping them of crucial consumer protections. It cut the maximum plan term from 12 months to three months, and forbade issuers from offering “renewal guarantees” that allow the sick to continue purchasing short-term policies at healthy-person rates. State insurance regulators protested that these restrictions literally stripped sick patients of their coverage.

Wednesday's rule reinstates and even expands the consumer protections Obama curtailed. It allows short-term plans to last 12 months, and allows insurers to offer them with renewal guarantees.

You read that right. Democrats curtailed consumer protections; Republicans are expanding them.

The benefits of Wednesday’s announcement are substantial. Various organizations, including some that oppose the new rule, project it will cover one million to 2.3 million previously uninsured Americans. Projections by Medicare’s chief actuary indicate it will reduce premiums for millions more by an average of 30 percent.

The policy change also promises more secure coverage for the sick. It frees consumers to avoid Obamacare’s price controls, which are eroding coverage for the sick. Instead, consumers can

purchase consecutive short-term plans, tied together with renewal guarantees that protectthem from medical underwriting when they fall ill.

Renewal guarantees can even protect some 200 million consumers with employer-based coverage, or no health insurance, from medical underwriting — for just one-tenth the cost of Obamacare plans.

When Congress passed Obamacare, insurers had just begun selling renewal guarantees as a standalone product. These policies gave purchasers the right to enroll in a health insurance plan whenever they wanted, at healthy-person premiums, no matter how sick they got in the meantime, and cost roughly 90 percent less than the average Obamacare premium. Twenty-five states approved this marvelous innovation for sale before Obama unilaterally banned it. Wednesday's rule makes this and further innovations possible again.

The rule also protects conscience rights. Short-term plans are exempt from Obamacare's requirement that insurance purchasers buy coverage for all FDA-approved forms of contraception. By providing a secure alternative to Obamacare, Wednesday's rule frees religious conservatives not to purchase coverage they find morally objectionable.

Finally, the rule implicitly acknowledges the federal government had no authority to regulate renewal guarantees in the first place, much less to ban them. It is a rare and beautiful thing when government agencies admit limits on their authority, which could make the new rule harder for future administrations to reverse. The rule is a model for how agencies should interpret federal law: with an eye toward giving individuals maximum freedom of choice. States should follow that model by removing restrictions on short-term plans.

Democrats — whose stewardship of Obamacare caused premiums to double and coverage for the sick to erode — see freedom of choice as sabotaging all their hard work. They fear that if short-term plans lure healthy enrollees away with more affordable and more secure coverage, Obamacare premiums will rise even more. Such fears are overblown and misguided. Renewal guarantees will keep high-cost patients out of Obamacare plans. That improves Obamacare's risk pools. If Obamacare premiums rise in response to this rule, it means they are reflecting more of Obamacare's full cost. Democrats have sunk so low on healthcare, they are protesting transparency as sabotage, and actively trying to expose sick patients to medical underwriting.

Wednesday's rule came to be because dedicated people within the Trump administration worked hard to push federal policy in a libertarian direction. As President Trump's profligate spending, trade wars, and farmer bailouts undo whatever good his tax cuts achieved, and as the inhumanity of his immigration policies tear at the hearts of parents everywhere, Wednesday's rule should embolden others within the administration to push these and other federal policies in the direction of individual liberty.

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