ISSUE

HEALTH CARE

The Obamacare conundrum

BY HALEY SWEETLAND EDWARDS

DONALD TRUMP WILL SOON FACE THE consequences of a familiar admonition: be careful what you wish for. The President-elect is poised to help the new Republican Congress finally repeal the Affordable Care Act. Most health care experts expect Obamacare to be expunged from the books by February. But Trump's next steps are trickier. How does his Administration replace a law that re-made the health care market, providing 21 million Americans with access to insurance?

It won’t be easy. Trump’s health care plan, which borrows heavily from the House Republicans’ proposal, offers a grab bag of small-bore regulatory tweaks. It calls for making individual health care premiums tax-deductible, expanding families’ access to private, tax-free health savings accounts and allowing for the sale of health insurance across state lines. Trump’s plan, like that of House Republicans, also suggests handing block grants for Medicaid to the states. But even if Trump is able to shepherd those provisions through a friendly Congress, he would still have to answer to millions of lower- and middle-income Americans who now use federal subsidies to afford their premiums.

He would also have to decide what to do with the other parts of Obamacare that changed health insurance for the rest of the country.

Trump seems to grasp this puzzle. In an interview with the Wall Street Journal just days after the election, the incoming President suggested that he is open to preserving two of the most popular provisions of the law: the rule allowing young adults to remain on their parents’ health care plans until they are 26 and the prohibition barring insurers from discriminating against patients with pre-existing conditions. “I like those very much,” Trump told the newspaper.

But Trump can’t keep just his favorite parts...
of Obamacare and jettison the rest. The Affordable Care Act is a carefully constructed mix of carrots and sticks. Stripping certain parts would throw the whole market out of balance.

Consider what would happen if Trump keeps the law's ban on refusing patients with pre-existing conditions but repeals rules requiring insurers to offer all customers in a community plans at the same price. That would allow insurers to slap patients who suffer from serious illnesses—like cancer or rheumatoid arthritis—with premiums that run as high as $10,000 per month. If Trump scraps the rule requiring that everyone buy insurance—the much maligned "individual mandate"—more healthy Americans would wait until they get sick to buy coverage. As a result, insurers would hemorrhage money with a sicker population to serve, spurring them to raise premiums or stop selling individual plans altogether.

Trump has not yet addressed these contradictions. But the clock is ticking. Rhetoric can win campaigns, but economic reality tends to shape what happens in the Oval Office.