SENATE DELAY OF HEALTH CARE BILL SHOWS POLITICAL WORRIES OVER SUBSIDY APPEAL

CHICAGO, IL

The following information was released by the Heartland Institute:

By Michael Hamilton

Senate Republicans have repeatedly delayed votes on their proposed Obamacare replacement plans.

The U.S. Senate postponed a scheduled vote on a Republican-backed bill to replace the Affordable Care Act, as the majority party struggled to design cost cuts and increase market freedom while minimizing disruption created by decreases in Obamacare subsidies.

A procedural vote on whether to begin floor debate on the bill, the Better Care Reconciliation Act (BCRA), scheduled for June 28, was delayed into July.

"We will not be on the bill this week, but we are still working toward getting at least 50 people in a comfortable place," Senate Majority Leader Mitch McConnell (R-KY) told reporters after a meeting between GOP Senate leaders and Vice President Mike Pence.

Not So Far Apart

Like the House-approved American Health Care Act (AHCA), BCRA would repeal the ACA individual mandate, which requires people to buy health insurance or pay an annual penalty of $700 or 2 percent of their income, whichever is greater. BCRA would also follow the House bill in repealing the ACA employer mandate, which requires employers to provide health insurance benefits if they have 50 or more employees who work at least 30 hours per week.
Each chamber’s bill would let states apply to the federal Department of Health and Human Services for a waiver exemption from Obamacare’s essential health benefits mandates, which require insurance plans to cover certain services that some patients cannot use.

Unlike the Senate bill, the House bill would also let states apply for waiver exemptions from ACA’s community rating mandates, which require insurers to charge healthy and sick patients the same price for health insurance.

The Senate bill would phase out ACA Medicaid expansion between 2021 and 2024. The House bill would end Medicaid expansion in 2020. Each bill would cap federal Medicaid dollars spent per patient.

Depending on States

Seth Chandler, a visiting fellow at the Mercatus Center at George Mason University, says the House and Senate bills would punt to the states the decision on whether to opt out of Obamacare.

“I would rate the Senate bill as roughly a tie with the House’s AHCA in reducing the ACA regulatory structure,” Chandler said. “Basically, it’s going to depend on how states take advantage of the waiver provisions in each of the bills.”

Each bill would improve upon Obamacare, Chandler says.

“Both bills provide lots of opportunities for states and insurers to escape the more burdensome aspects of the Affordable Care Act and restore a market in which insurers have greater freedom,” Chandler said. “For people to get hung up on the margins of exactly which bill does more is a mistake, particularly when the alternative is something as significantly different and in as much trouble as Obamacare.”

'Significant Reforms'

The bills would try to build a more sustainable system on the foundations of Obamacare, Chandler says.

“It’s not accurate to say that either bill repeals the ACA, but it’s also unfair to call these bills ‘Obamacare-lite,’” Chandler said. “They are both significant reforms, in the way both treat the individual market, the way both reform Medicaid, and the way both place Medicare solvency in trouble.”

Stuck in the Swamp?

Dr. Jane Orient, executive director of the Association of American Physicians and Surgeons, says the Senate bill redistributes the costs of rising insurance premiums but won’t lower them.

“This bill zeroes out the penalties for not buying an unaffordable, undesirable product but continues the mandates that make health plans unaffordable: guaranteed issue, community rating, and restrictions on
true insurance,” Orient said. “Republicans don’t seem to understand that one does not lower costs or make them affordable by forcing somebody else—in this case, taxpayers or low-risk enrollees—to pay them.”

A better bill would repeal Obamacare altogether, creating room for Congress and states to take care of the truly needy, Orient says.

”The bill redistributes wealth, continuing the funding of ‘the swamp,’” Orient said. “The right answer is to repeal Obamacare and replace it with a free market. For problems that result, seek targeted solutions. If this bill passes, individuals and states need to make maximal use of escape hatches.”

Law of Inertia

Dr. Gerard Gianoli, president of the Ear and Balance Institute in Covington, Louisiana, says the Senate should end Medicaid expansion instead of prolonging it.

”Obamacare’s Medicaid expansion was an expansion of a system that encourages states to waste money at the expense of the federal taxpayer, and a lot spent on no patient care at all,” Gianoli said. “If better health care outcomes are truly the desired result of policymakers, then Medicaid should be severely shrunk, not expanded.”

Chandler says the Senate is unlikely to revise BCRA to repeal Obamacare’s regulatory structure.

”For conservatives to imagine that they are going to get something much more conservative than the Senate bill requires a world in which they have won a lot more of the Senate than they have gained to date,” Chandler said.

Misalignment of Incentives

The Senate bill’s age-based, means-tested formula for subsidizing health insurance premiums would reduce incentives to earn income and report income honestly, Chandler says.

”The way the subsidies phase out, people over 40 could be facing effective income tax rates of well over 50 percent, sometimes as high as 70 percent,” Chandler said.

Dr. Chad Savage, founder of YourChoice Direct Care in Brighton, Michigan, says Senate Republicans are wasting their chance to put patients in charge of the health care system.

”My biggest disappointment is that we may be squandering a truly once-in-a-generation opportunity to restructure the incentives of our health care system,” Savage said. “Instead of focusing the incentives back on the patient, this bill focuses on insurance subsidies rather than subsidizing the provision of actual care.”
Michael T. Hamilton (mhamilton@heartland.org, @MikeFreeMarket) is a Heartland Institute research fellow and managing editor of Health Care News, author of the weekly Consumer Power Report, and host of the Health Care News Podcast.

---- Index References ----

Company: HEALTH CARE NEWS INC

News Subject: (U.S. Medicare & Medicaid (1ME80))

Industry: (Financial Services (1FI37); Health Insurance (1HE18); Healthcare (1HE06); Healthcare Economics (1HE56); Healthcare Regulatory (1HE04); Insurance (1IN97); U.S. National Healthcare Reform (1US09))

Language: EN

Other Indexing: (Jane Orient; Chad Savage; Gerard Gianoli; Mike Pence; Mitch McConnell; J. Michael Hamilton; J. Michael Hamilton; Michael HamiltonSenate)

Word Count: 1012

End of Document