American Bridge

Trump Policy Brief: Allowing the ACA To "Explode"

4.13.17

TRUMP MAY CAUSE THE ACA TO "EXPLODE" BY REFUSING TO DEFEND COST-SHARING SUBSIDIES

Donald Trump has repeatedly made claims that the ACA would inevitably "explode," ignoring research showing that the health insurance market is on a stable path. However, if the ACA does in fact "explode," it will likely be caused by his administration following through with Republican efforts to eliminate cost-sharing subsidies.

Faced with the choice of funding the cost-sharing subsidies or allowing the ACA to "explode," Trump threatened to hold the funding – and with it, the entire insurance market and its customers – hostage. A group of medical associations, insurance groups, and the U.S. Chamber of Commerce signed onto a letter condemning Trump's tactics.

Trump Has Repeatedly Claimed The ACA Is "Exploding"

TRUMP DEFENDED HIS PARTY'S FAILURE TO REPEAL AND REPLACE THE ACA WITH REPEATED CLAIMS THAT THE LAW IS "EXPLODING"

In His Remarks Following The Decision Not To Hold A Vote On The GOP Bill To Repeal And Replace The Affordable Care Act, Trump Repeatedly Claimed The ACA Was "Exploding." According to the White House Office of the Press Secretary, "I've been saying for the last year and a half that the best thing we can do politically speaking is let Obamacare explode. It is exploding right now. […] So Obamacare is exploding. […] But we're very, very close. And again, I think what will happen is Obamacare, unfortunately, will explode. It's going to have a very bad year. […] So what would be really good, with no Democrat support, is if the Democrats, when it explodes -- which it will soon -- if they got together with us and got a real healthcare bill. […] And this is not a Republican healthcare, this is not anything but a Democrat healthcare. And they have Obamacare for a little while longer, until it ceases to exist, which it will at some point in the near future. […] I worked as a team player and would have loved to have seen it passed. But again, I think you know I was very clear, I think there wasn't a speech I made, or very few where I didn't mention that perhaps the best thing that can happen is exactly what happened today, because we'll end up with a truly great healthcare bill in the future, after this mess known as Obamacare explodes. […] It's imploding, and soon will explode, and it's not going to be pretty." [White House Office of the Press Secretary, "Remarks by President Trump on the Health Care Bill," 3/24/17]

Trump Tweet: "ObamaCare Will Explode And We Will All Get Together And Piece Together A Great Healthcare Plan For THE PEOPLE. Do Not Worry!" Donald J. Trump Tweeted: "ObamaCare will explode and we will all get together and piece together a great healthcare plan for THE PEOPLE. Do not worry!" [Twitter, @realDonaldTrump, 3/25/17]

Trump Called Washington Post Reporter Robert Costa To Say The Affordable Care Act Would "Explode" On Its Own, At Which Point A Deal With Democrats Could Be Reached. According to Robert Costa in The Washington Post, "President Trump called me on my cellphone Friday afternoon at 3:31 p.m. At first I thought it was a reader with a complaint since it was a blocked number. Instead, it was the president calling from the Oval Office. His voice was even, his tone muted. He did not bury the lead. 'Hello, Bob,' Trump began. 'So, we just pulled it.' Trump was speaking, of course, of the Republican plan to overhaul the Affordable Care Act, a plan that had been languishing for days amid unrest throughout the party as the president and his allies courted members and pushed for a vote. […] 'As you know, I've been saying for years that the best thing is to let Obamacare explode and then go make a deal with the Democrats and have one unified deal. And they will come to us; we won't have to come to them,' he said. 'After Obamacare explodes.' 'The beauty,' Trump continued, 'is that they own Obamacare. So when it explodes, they come to us, and we make one beautiful deal for the people.'" [Robert Costa – Washington Post, 3/24/17]

Trump Called The New York Times To Say The Affordable Care Act Would "Explode" On Its Own, And Allowing That To Happen Would Be "The Best Thing." According to The New York Times, "Just moments after the Republican plan to repeal and replace the Affordable Care Act was declared dead, President Trump sought to paint the defeat of his first legislative effort as an early-term blip. The House speaker, Paul D. Ryan, was preparing to tell the public that the health care bill was being withdrawn — a byproduct, Mr. Trump said, of Democratic partisanship. The president predicted that Democrats would return to him to make a deal in roughly a year. 'Look, we got no Democratic votes. We got none, zero,' Mr. Trump said in a telephone interview he initiated with The New York Times. 'The good news is they now own health care. They now own Obamacare.' Mr. Trump insisted that the Affordable Care Act would collapse in the next year, which would then force Democrats to come to the bargaining table for a new bill. 'The best thing that can happen is that we let the Democrats, that we let Obamacare continue, they'll have increases from 50 to 100 percent,' he said. 'And when it explodes, they'll come to me to make a deal. And I'm open to that.'" [New York Times, 3/24/17]

The ACA Is Not "Exploding"

NEARLY 8 IN 10 CONSUMERS IN THE ACA MARKETPLACE COULD PAY LESS THAN $100 PER MONTH FOR HEALTH INSURANCE

Nearly 8 In 10 ACA Marketplace Customers Could Pay Less Than $100 Per Month For Their Health Insurance Plans. According to the Department of Health and Human Services, "Marketplace consumers will have affordable options. More than 7 in 10 (72 percent) current Marketplace enrollees can find a plan for $75 or less in premiums per month, after applicable tax credits in 2017. Nearly 8 in 10 (77 percent) current Marketplace enrollees can find a plan for $100 or less in premiums per month, after applicable tax credits in 2017." [Department of Health and Human Services, "Health Plan Choice and Premiums in the 2017 Health Insurance Marketplace, 10/24/16]

INCOME-BASED SUBSIDIES HAVE KEPT PREMIUMS STEADY FOR CONSUMERS – AND INVALIDATED GOP CLAIMS OF A "DEATH SPIRAL"

A "Death Spiral" Occurs When Healthy People Leave The Insurance Market, Causing Prices To Go Up For The Sick Left Behind, Causing Even More Healthy People To Leave

A "Death Spiral" Is Categorized By Healthy People Leaving The Insurance Market, Causing Premiums To Go Up For The Sick Left Behind, Causing Even More Health People To Leave And Prices To Go Up Even Further. According to Politifact, "'Death spiral' is a health industry term built around three components: Shrinking enrollment; Healthy people leaving the system; Rising premiums. Specifically, a death spiral occurs when shrinking enrollment leads to a deteriorating risk pool (or when healthy people leave the plan due to the cost). That leads to higher premiums for the people remaining in the insurance pools, which causes enrollment to shrink even further, continuing the cycle until the entire system fails." [Politifact, 3/26/17]

Although Premiums Have Increased This Year, Subsidies Have Kept Most Consumers From Paying More For Their Coverage And Leaving The Marketplace

CBO: Most Marketplace Customers Receiving Subsidies Are "Largely Insulated From Increases In Premiums." According to the Congressional Budget Office, "Under current law, most subsidized enrollees purchasing health insurance coverage in the nongroup market are largely insulated from increases in premiums because their out-of-pocket payments for premiums are based on a percentage of their income; the government pays the difference. The subsidies to purchase coverage combined with the penalties paid by uninsured people stemming from the individual mandate are anticipated to cause sufficient demand for insurance by people with low health care expenditures for the market to be stable." [Congressional Budget Office, American Health Care Act Cost Estimate, 3/13/17]

- **ACA Subsidies Cap Premiums At A Certain Percentage Of Income For Customers Below 400 Percent Of The Federal Poverty Level.** According to Politifact, "As we have reported, premiums are increasing. But that isn't affecting the cost for most consumers, due to built-in subsidies under the Affordable Care Act. The subsidies cap premium prices at a certain percentage of income for anyone below 400 percent of the federal poverty level (in 2016 that would be $47,520 for a single person)." [Politifact, 3/26/17]

- **84 Percent Of Marketplace Customers Receive Tax Credits To Help Pay For Coverage.** According to the Department of Health and Human Services, "Most Marketplace enrollees will receive financial assistance to help with the cost of their monthly premiums. Not only do 84 percent of Marketplace enrollees who selected a plan during the third Open Enrollment period receive tax credits to help pay for coverage12, but we also estimate that 84 percent of the uninsured who are eligible for coverage through the Marketplaces have incomes between 100 percent and 400 percent of the Federal Poverty Level (FPL) and may be eligible to receive tax credits for plan year 2017." [Department of Health and Human Services, "Health Plan Choice and Premiums in the 2017 Health Insurance Marketplace, 10/24/16]

New York Times: Premiums Went Up 22 Percent In 2016, But "Because Of How Subsidies Work, People Were Generally Shielded From This Year's Higher Prices, And Enrollment Is Steady." According to The New York Times, "Mr. Ryan is right that the Obamacare market has endured hardships. It isn't as competitive as many of its advocates had hoped, and shoppers in many parts of the country have only one insurer to choose from. Prices, which were lower than expected in the first few years of the program, spiked this year by an average of 22 percent across the country. There have also been some high-profile exits from insurers like Aetna, UnitedHealth Group and most recently Humana. Rural counties have been particularly hard hit. But those recent woes are not the same as a death spiral, a term used to describe a complete market failure in which premiums spiral upward so only the sickest customers buy coverage. Growing evidence suggests that the markets are far from collapse. Because of how the subsidies work, people were generally shielded from this year's higher prices, and enrollment is steady. Several recent analyses argue that this year's increase was a market correction, and that a smoother market would follow in the years ahead." [New York Times, 3/15/17]

ACA Enrollment Is Down 4% From Last Year… But That's Not A Death Spiral, And Could Be Due To The Trump Administration's Own Decision To Pause ACA Advertisements

Politifact: ACA Enrollment Is Down 4% This Year, But This Is Not The Same As A "Death Spiral" And Could Be A Result Of The Trump Administration's Decision To Pause ACA Advertisements. According to Politifact, "The latest government figures show enrollment in the Affordable Care Act is slightly down from last year. Through Jan. 31, 2017, some 12.2 million people were signed up for coverage through a federal or state marketplace, which is a decrease of 500,000, or 4 percent, from the same point last year. Experts noted that marketplace sign-ups were running in line with their 2016 pace as of the middle of January, which experts said might suggest the decline in sign-ups was somehow related to the Trump administration, not an impending death spiral. For example, the Trump administration decided to at least partially halt marketing and outreach encouraging people to sign up for health coverage. But experts say the enrollment decline isn't an indication the health care law is in a death spiral. There is no direct connection, they said, showing that the declining enrollment is causing premiums to increase." [Politifact, 3/26/17]

- **CBPP: The Trump Administration Ended ACA Advertisements For The Final Week Of Open Marketplace Enrollment.** According to Shelby Gonzales, Senior Policy Analyst at the Center on Budget and Policy Priorities, "The Administration announced last week that it would stop planned ads for the final week of open enrollment for marketplace health coverage, which ends today. And it had planned also to stop sending reminder emails to consumers, retreating from that plan only after an outcry from health experts, advocates, and insurers. Successful outreach, particularly in the final days of open enrollment, is key to maintaining a stable marketplace. Experience from the first three open enrollment periods shows that many consumers wait until the last minute to enroll and respond well to last-minute reminders." [Shelby Gonzales – Center on Budget and Policy Priorities, 1/31/17]

- **CBPP: Over 8 Percent Of Enrollees Who Signed Up Last Year Did So In The Final Two Weeks Of Open Enrollment, Including Young People Who Are Critical To Maintaining Stable Markets.** According to Shelby Gonzales, Senior Policy Analyst at the Center on Budget and Policy Priorities, "Last year, 790,000 people, more than 8 percent of total signups, enrolled in coverage in the last two weeks of open enrollment— 687,000 of them in the last week. Young consumers are particularly responsive to deadline pressure, and young people are critical to the success of the marketplaces because they tend to be healthier and thus less costly to cover. Encouraging them to enroll doesn't simply ensure that more Americans have health coverage; it also contributes to the overall health and stability of health insurance markets and thereby reduces the likelihood of premium increases and insurer pullouts. Placing such efforts in jeopardy only weakens the marketplaces." [Shelby Gonzales – Center on Budget and Policy Priorities, 1/31/17]

Young People Have Not Been Leaving The ACA Marketplace

Enrollment Among People Ages 18-34 Has Not Significantly Changed Since Last Year. According to Politifact, "Data also shows no uptick in healthy people leaving the health insurance market. The U.S. Centers for Medicare and Medicaid Services reports the share of people signing up for health care in the low-risk demographic — ages 18-34 — remains about the same in 2017 as it was in 2016, at 26 percent of enrollees. 'There is no data to indicate a drop in the number of younger enrolled, although the announced policy not to enforce the IRS penalty, if not reversed, could result in a decline over time,' said John Rother, president and CEO of the National Coalition on Health Care." [Politifact, 3/26/17]

The White House Council Of Economic Advisers Found No Evidence That Premium Increases Were Resulting In Healthy People Leaving The Market. According to the Center on Budget and Policy Priorities, "Dramatic premium increases could also signal a death spiral, but only if they cause people — specifically, healthier people — not to enroll. That doesn't appear to be happening in the marketplaces. States with larger premium increases in 2015 had similar enrollment growth as states with smaller increases, a new report by the White House Council of Economic Advisers (CEA) finds.[3] Nor is there evidence that premium increases caused healthier people to leave the individual market during this period. The report found that states with larger premium increases had slower growth in the insurer-reported costs of covering ACA plan enrollees, which suggests that the pool of people with coverage in these states is getting healthier, not sicker." [Center on Budget and Policy Priorities, 1/17/17]

IN 2015, THE CBO FOUND THAT THE ACA WOULD SAVE THE FEDERAL BUDGET DEFICIT $137 BILLION OVER TEN YEARS

CBO: Repealing The ACA Would Result In An Increase Of $137 In The Federal Budget Deficit Between 2016 And 2025. According to the Congressional Budget Office, "CBO and JCT estimate that repealing the ACA would have several major effects, relative to the projections under current law: ν Including the budgetary effects of macroeconomic feedback, repealing the ACA would increase federal budget deficits by $137 billion over the 2016–2025 period (see Table 1). That estimate takes into account the proposal's impact on federal revenues and direct (or mandatory) spending, incorporating the net effects of two components: • Excluding the effects of macroeconomic feedback—as has been done for previous estimates related to the ACA (and most other CBO cost estimates)—CBO and JCT estimate that federal deficits would increase by $353 billion over the 2016–2025 period if the ACA was repealed. • Repeal of the ACA would raise economic output, mainly by boosting the supply of labor; the resulting increase in GDP is projected to average about 0.7 percent over the 2021–2025 period. Alone, those effects would reduce federal deficits by $216 billion over the 2016–2025 period, CBO and JCT estimate, mostly because of increased federal revenues." [Congressional Budget Office, "Budgetary and Economic Effects of Repealing the Affordable Care Act," 6/2015]

PREMIUM PRICES ARE EXPECTED TO STABILIZE AFTER 2017

Standard & Poor's Believed The 2017 Premium Hike Was A "One-Time Pricing Correction" To Make Up For Insurers Pricing Their Products Too Low – Some Intentionally, Some Unintentionally – In The First Few Years Of The ACA. According to the Center on Budget and Policy Priorities, "Premium increases are concerning, particularly because they make coverage less affordable for people who don't get subsidies, which can affect the risk pool over time. But there's growing evidence that premium increases in 2017 were a 'one-time pricing correction,' as a report from Standard & Poor's Global Ratings recently put it[4] — not the sign of a doomed market. Many insurers in the individual market simply priced too low in the initial years after the ACA took effect. Some did so inadvertently, because they couldn't be sure who would sign up for their plans and how much they would cost to cover. Other insurers set prices low deliberately, to attract new customers. Since then, many insurers have needed to raise premiums significantly to cover their costs and also to address the phase-out of the ACA's temporary reinsurance program.[5] Standard & Poor's predicts the individual insurance market will be closer to break-even results overall this year, with more insurers making a profit." [Center on Budget and Policy Priorities, 1/17/17]

HHS: "Moderate Rate Increases Or Rate Decreases" In Some States "Suggest That Marketplaces In States Around The Country Are Maturing And Approaching Stable Price Points." According to the Department of Health and Human Services, "Across states using the HealthCare.gov platform, the median increase in the second-lowest cost silver plan premium is 16 percent, while the average increase is 25 percent. See Table 2 (See Table 13 in Appendix A for information by select cities and counties). The gap between the average and the median rate increase in HealthCare.gov states reflects that most consumers are experiencing below average increases. Moderate rate increases or rate decreases in states like Arkansas, Indiana, Nevada, New Hampshire, New Jersey, North Dakota, Michigan, and Ohio suggest that Marketplaces in states around the country are maturing and approaching stable price points. Meanwhile, several of the states experiencing larger increases had 2016 premiums that were well below the national average and especially far below the cost of comparable employer plans in that state (for example, Arizona, Hawaii, Illinois, Kansas, and Pennsylvania)." [Department of Health and Human Services, "Health Plan Choice and Premiums in the 2017 Health Insurance Marketplace, 10/24/16]

THE CBO PREDICTED THE INDIVIDUAL MARKET WOULD REMAIN STABLE IF THE ACA WERE LEFT IN PLACE

CBO: "The Nongroup Market Would Probably Be Stable In Most Areas Under Either Current Law Or The Legislation." According to the Congressional Budget Office, "Decisions about offering and purchasing health insurance depend on the stability of the health insurance market—that is, on having insurers participating in most areas of the country and on the likelihood of premiums' not rising in an unsustainable spiral. The market for insurance purchased individually (that is, nongroup coverage) would be unstable, for example, if the people who wanted to buy coverage at any offered price would have average health care expenditures so high that offering the insurance would be unprofitable. In CBO and JCT's assessment, however, the nongroup market would probably be stable in most areas under either current law or the legislation." [Congressional Budget Office, American Health Care Act Cost Estimate, 3/13/17]

Trump Himself Might Allow The ACA To "Explode" By Refusing To Defend The Law's Cost-Sharing Subsidies

THE ACA PROVIDES COST-SHARING SUBSIDIES FOR MILLIONS OF PEOPLE EARNING 100% - 250% OF THE FEDERAL POVERTY LEVEL

The Affordable Care Act Provides Cost-Sharing Subsidies To Americans Earning Up To 250% Of The Federal Poverty Line To Offset Deductibles, Co-Pays And Other Out-Of-Pocket Fees. According to The Washington Post, "The money is for a kind of financial assistance that is less familiar than the tax credits the law gives most people for their ACA plan premiums. These 'cost-sharing reductions' are designed instead to lower the deductibles, co-pays and other out-of-pocket fees for nearly half the customers this year. […] The payments are one way in which the ACA helps make private insurance affordable for people with relatively low incomes who buy coverage through HealthCare.gov or similar marketplaces at the state level. While the law offers premium tax credits for marketplace customers with incomes up to 400 percent of the federal poverty line, the cost-sharing reductions are for a narrower group. They help those with incomes up to 250 percent of the poverty level — just under $30,000 for individuals or about $60,000 for a family of four — who buy the second-lowest tier of ACA coverage, known as silver plans." [Washington Post, 12/24/16]

Seven Million Marketplace Customers In 2017 Qualified For Cost-Sharing Subsidies, Making Up 58 Percent Of People Signing Up This Year. According to The New York Times, "The Affordable Care Act requires insurers to reduce deductibles and other out-of-pocket costs for certain low-income consumers. The 'cost-sharing' subsidies, which total $7 billion a year, compensate insurers for these discounts. Seven million people selecting marketplace plans for 2017 qualified for cost-sharing subsidies. They account for 58 percent of the people signing up for plans this year." [New York Times, 4/10/17]

HOUSE REPUBLICANS SUED THE OBAMA ADMINISTRATION OVER THE LEGALITY OF THE SUBSIDIES IN 2014, AND NOW THE TRUMP ADMINISTRATION MUST DECIDE HOW TO PROCEED

2014: House Republicans Sued The Obama Administration Over The Legality Of ACA Cost-Sharing Subsidies

2014: House Republicans Sued The Obama Administration Over ACA Cost-Sharing Subsidies, Arguing They Were Illegal Because The Money Was Not Appropriated By Congress. According to CNN, "These subsidies were at the center of a court battle between House Republicans and the Obama administration. Seeking to bring down Obamacare, the House filed suit against then-Health Secretary Sylvia Burwell in 2014, arguing the payments to insurers were illegal because Congress never appropriated the money." [CNN, 2/21/17]

House Republicans Won Their Suit, But The Obama Administration Appealed

House Republicans Won Their Suit In A Lower Court, But The Obama Administration Appealed The Decision. According to Politico, "House Republicans had sued the Obama administration to block funding for the subsidies that cover out-of-pocket costs for poorer Americans, arguing that administration had paid for it without congressional authority. That argument prevailed in a lower court last year, but was appealed by the Obama administration." [Politico, 3/29/17]

- **Subsidies Continue To Be Paid Out While The Case Is Under Appeal.** According to CNN, "A district court judge last year ruled in favor of the House, finding the subsidies were illegal and must stop. However, she stayed her decision, and the Obama administration filed an appeal. The subsidies continue to be paid during the appeal, according to a senior GOP source. Now that the White House has changed hands, House GOP lawmakers are in the uncomfortable situation of suing Health Secretary Tom Price, who took over after Burwell and is one of their ow." [CNN, 2/21/17]

House Republicans And The New Trump Administration Are Currently Weighing How To Proceed With The Lawsuit

House Republicans And The Trump Administration Have Left The Case On Hold While They Decide How To Proceed. According to Politico, "House Republicans had sued the Obama administration to block funding for the subsidies that cover out-of-pocket costs for poorer Americans, arguing that administration had paid for it without congressional authority. That argument prevailed in a lower court last year, but was appealed by the Obama administration. The lawsuit has essentially been put on hold while the House and the Trump administration decide how to proceed." [Politico, 3/29/17]

CNN: House Republicans And The Trump Administration Have Not Reached A Consensus On Whether To Continue To Fund The ACA Cost-Sharing Subsidies That "Reduce The Deductibles And Co-Pays For More Than Half Of Enrollees On The Exchanges." According to CNN, "When it comes to Obamacare, Republicans can't even agree on one of the easier decisions they have to make: whether to temporarily fund the law's cost-sharing subsidies. The House GOP and the Trump administration said they need another three months to come to a resolution, according to a motion filed in the U.S. Court of Appeals on Tuesday. The payments reduce the deductibles and co-pays for more than half of enrollees on the Obamacare exchanges." [CNN, 2/21/17]

IF TRUMP FOLLOWS THROUGH WITH REPUBLICAN EFFORTS TO ELIMINATE COST-SHARING SUBSIDIES, THE ACA COULD INDEED "EXPLODE"

Politico: "President Trump Says That Obamacare Is Going To Explode. But If That Happens, It Is Likely Because His Administration Supplies The Spark That Detonates The Marketplaces." According to Politico, "President Trump says that Obamacare is going to explode. But if that happens, it is likely because his administration supplies the spark that detonates the marketplaces. The White House could decide at any time to eliminate subsidies relied upon by insurers to lower costs for Obamacare's poorest customers, as a result of a court win by House Republicans last spring. 'It's one thing to say we're going to watch Obamacare collapse,' said Kathy Hempstead, who oversees coverage programs for the Robert Wood Johnson Foundation. 'It's another to shoot it in the head.'" [Politico, 3/29/17]

Insurance CEOs Have Testified To The Importance Of Cost-Sharing Reductions

Insurance Company CEO Joe Swedish Told Trump That Maintaining Cost-Sharing Reductions Was Critical. According to CNBC, "Anthem CEO Joe Swedish told Trump in a private meeting at the White House that maintaining the CSR payments — which amount to $9 billion to insurers for 2017 — is critical. Other CEOs have also pressed for a settlement of the case. 'We've said all along that one of the things that was important was to settle the issue of the cost-sharing reductions,' said Dr. Mario Molina, CEO of Molina Healthcare. 'Congress has the ability right now to appropriate the money. If they want to put this behind us, they can do it.'" [CNBC, 3/28/17]

Insurance Company CEO Michael Neidorff: We're Helping The Trump Administration "Understand That The Subsidies Are Very Important" And Impact "Low-Income Individuals Who Really Would Not Have The Means To Covering All The Deductibles, Or The Insurance Premiums Themselves." According to CNBC, "Insurers are particularly concerned about what House Republicans and the Trump administration will do about cost-sharing reduction subsidies for low-income people on Obamacare exchange plans. 'We're helping them understand that the subsidies are very important,' said Michael Neidorff, chairman and CEO of Centene, an insurance company that specializes in Medicaid and Obamacare plan health coverage. 'It really impacts low-income individuals who really would not have the means to covering all the deductibles, or the insurance premiums themselves,' he said." [CNBC, 3/28/17]

If Insurers Are No Longer Reimbursed For $7 Billion Annually In Care Expenses, It Will Likely Trigger A "Mass Exodus" From The Insurance Marketplace

Politico: If The Trump Administration Drops The Appeal, $7 Billion In ACA Subsidies Would "Likely Disappear Almost Immediately" And "Insurers Would Still Be Required To Pay The Bills Of Poorer Participants, But With No Way To Get Reimbursed." According to Politico, "House Republicans had sued the Obama administration to block funding for the subsidies that cover out-of-pocket costs for poorer Americans, arguing that administration had paid for it without congressional authority. That argument prevailed in a lower court last year, but was appealed by the Obama administration. The lawsuit has essentially been put on hold while the House and the Trump administration decide how to proceed. If the White House drops the appeal, that $7 billion a year would likely disappear almost immediately. Insurers would still be required to pay the bills of poorer participants, but with no way to get reimbursed. That could trigger a mass exodus of insurers and lead to the collapse of the marketplaces that Trump and many other Republicans have long predicted. But the GOP might not escape blame for the resulting chaos." [Politico, 3/29/17]

CNBC: If ACA Subsidies Are Stopped, Insurers Maintain It Will "Destabilize The Individual Obamacare Market By Making Plans Unaffordable For Low-Income Enrollees." According to CNBC, "If the payments are stopped, insurers say it will destabilize the individual Obamacare market by making plans unaffordable for low-income enrollees. 'If Congress decides to keep going with that lawsuit, the insurers will sue or leave the markets and the markets will implode,' said Abbe Gluck, a professor and director of the Solomon Center for Health Law and Policy at Yale Law School. Gluck was co-counsel on a Supreme Court brief defending the legality of Obamacare in the 2012 challenge to the ACA." [CNBC, 3/28/17]

Politico: If Trump Cuts ACA Subsidies And Insurers Are Not Reimbursed For Providing Care, It Will Likely "Trigger A Mass Exodus Of Insurers And Lead To The Collapse Of The Marketplaces That Trump And Many Other Republicans Have Long Predicted." According to Politico, "House If the White House drops the appeal, that $7 billion a year would likely disappear almost immediately. Insurers would still be required to pay the bills of poorer participants, but with no way to get reimbursed. That could trigger a mass exodus of insurers and lead to the collapse of the marketplaces that Trump and many other Republicans have long predicted. But the GOP might not escape blame for the resulting chaos." [Politico, 3/29/17]

CNN: Killing The ACA Cost-Sharing Subsidies "Would Wreak Havoc In The Individual Market." According to CNN, "It's widely expected that Republicans will agree to pay the subsidies, which are expected to cost $9 billion this year and $11 billion next year. Killing them would wreak havoc in the individual market. Many insurers depend on these payments -- without them, they might abandon Obamacare, which could lead to fewer choices and higher premiums for consumers. Such a move would be at odds with the 'orderly transition' that Republicans have promised." [CNN, 2/21/17]

Yale Law School Solomon Center for Health Law and Policy Director Abbe Gluck: If ACA Subsidies Are Stopped, "Insurers Will Sue Or Leave The Markets And The Markets Will Implode." According to CNBC, "If the payments are stopped, insurers say it will destabilize the individual Obamacare market by making plans unaffordable for low-income enrollees. 'If Congress decides to keep going with that lawsuit, the insurers will sue or leave the markets and the markets will implode,' said Abbe Gluck, a professor and director of the Solomon Center for Health Law and Policy at Yale Law School. Gluck was co-counsel on a Supreme Court brief defending the legality of Obamacare in the 2012 challenge to the ACA." [CNBC, 3/28/17]

Insurers Remaining In The Marketplace Will Likely Raise Premiums Substantially

If The Trump Administration Eliminated Cost-Sharing, Insurers That Remain In The Marketplace "Would Likely Have To Increase Premiums Substantially And Would Fear More Problems With Adverse Selection." According to The Atlantic, "Moreover, health plans priced their 2017 plan offerings based on the assumption that the cost-sharing subsidy would be available. If they stayed in the marketplace at all, they would likely have to increase premiums substantially and would fear more problems with adverse selection because those remaining in the market would probably be sicker; as the healthier populations would no longer believe the benefit was worth it." [The Atlantic, 3/29/17]

Molina Healthcare Chief Executive Mario Molina: If The President Eliminates Cost-Sharing Reductions, "Premiums Would Rise An Additional 10 To 12 Percent." According to the Washington Post, "Molina Healthcare chief executive Mario Molina said recently that the cost-sharing funds are a major uncertainty hanging over his company's ability to participate in the marketplaces going forward. Another is enforcement of the individual mandate that compels Americans to provide proof of insurance on their taxes. "If the president chooses not to enforce the mandate, he's going to drive up the cost for many, many people," Molina said, noting that premiums would probably rise 15 percent if it is not enforced. If cost-sharing reductions are eliminated, he added, premiums would rise an additional 10 to 12 percent." [Washington Post, 3/29/17]

Faced With The Choice Of Funding The Subsidies Or Allowing The ACA To "Explode," Trump Threatened To Withhold The Funding As A Means Of Forcing Democrats To Negotiate

TRUMP THREATENED TO WITHHOLD FUNDING FOR COST-SHARING SUBSIDIES, SAYING CHUCK SCHUMER AND NANCY PELOSI SHOULD BE "BEGGING" HIM TO "SAVE OBAMACARE"

In An Interview With The Wall Street Journal, Trump Threatened "To Withhold Payments To Insurers To Force Democrats To The Negotiating Table." According to The Wall Street Journal, "Nearly three weeks after Republican infighting sank an overhaul of the Affordable Care Act, President Donald Trump dug back into the battle on Wednesday, threatening to withhold payments to insurers to force Democrats to the negotiating table. In an interview in the Oval Office, Mr. Trump said he was still considering what to do about the payments approved by his Democratic predecessor, President Barack Obama, which some Republicans contend are unconstitutional. Their abrupt disappearance could trigger an insurance meltdown that causes the collapse of the 2010 health law, forcing lawmakers to return to a bruising debate over its future." [Wall Street Journal, 4/12/17]

Trump: "Obamacare Is Dead Next Month If It Doesn't Get That Money." According to The Wall Street Journal, "Mr. Trump said he had mixed feelings about creating turmoil in the insurance markets. 'Obamacare is dead next month if it doesn't get that money,' Mr. Trump said. 'I haven't made my viewpoint clear yet. I don't want people to get hurt....What I think should happen and will happen is the Democrats will start calling me and negotiating.'" [Wall Street Journal, 4/12/17]

Trump: "I'm Going To Have To Make A Decision." According to The Wall Street Journal, "'It wasn't authorized by Congress,' Mr. Trump said. 'I'm going to have to make a decision.'" [Wall Street Journal, 4/12/17]

Trump: Chuck Schumer "Should Be Calling Me And Begging Me To Help Him Save Obamacare, Along With Nancy Pelosi." According to The Wall Street Journal, "Sen. Chuck Schumer of New York, the chamber's Democratic leader, and Rep. Nancy Pelosi of California, the House Democratic leader, have said they are unwilling to discuss a deal with Mr. Trump while the prospect of undermining the law remained on the table. Mr. Trump said Mr. Schumer 'should be calling me and begging me to help him save Obamacare, along with Nancy Pelosi.'" [Wall Street Journal, 4/12/17]

Schumer: Trump Is "Threatening To Hold Hostage Health Care For Millions Of Americans"

Schumer: Trump Is "Threatening To Hold Hostage Health Care For Millions Of Americans […] To Achieve A Goal Of Repeal That Would Take Health Care Away From Millions More." According to The Wall Street Journal, "Responding to Mr. Trump's comments, Mr. Schumer said the president was 'threatening to hold hostage health care for millions of Americans…to achieve a political goal of repeal that would take health care away from millions more. This cynical strategy will fail.'" [Wall Street Journal, 4/12/17]

Slate: "Welcome To The Tony Soprano School Of Health Policy Making"

Slate: "Welcome To The Tony Soprano School Of Health Policy Making." According to Jordan Weissman in Slate, "'I don't want people to get hurt,' Trump told the Journal's reporters. 'What I think should happen—and will happen—is the Democrats will start calling me and negotiating.' Welcome to the Tony Soprano school of health policy making." [Jordan Weissman – Slate, 4/12/17]

MEDICAL ASSOCIATIONS, INSURANGE GROUPS, AND EVEN THE CHAMBER OF COMMERCE SIGNED ONTO A LETTER CONDEMNING TRUMP'S DANGEROUS TACTICS

Letter: "We Urge The Administration And Congress To Take Quick Action To Ensure CSRs Are Funded." According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "We urge the Administration and Congress to take quick action to ensure CSRs are funded. We are committed to working with you to deliver the short-term stability we all want and the affordable coverage and high-quality care that every American deserves. But time is short and action is needed. By working together, we can create effective, market-based solutions that best serve the American people." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield

Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]

Letter: "The Most Critical Action To Help Stabilize The Individual Market For 2017 And 2018 Is To Remove Uncertainty About Continued Funding For Cost Sharing Reductions (CSRs). […] If CSRs Are Not Funded, Americans Will Be Dramatically Impacted." According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "The most critical action to help stabilize the individual market for 2017 and 2018 is to remove uncertainty about continued funding for cost sharing reductions (CSRs). Nearly 60 percent of all individuals who purchase coverage via the marketplace – 7 million people – receive assistance to reduce deductibles, co-payments, and/or out-of-pocket limits through CSR payments. This funding helps those who need it the most access quality care: low- and modest income consumers earning less than 250 percent of the federal poverty level. If CSRs are not funded, Americans will be dramatically impacted." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]

- **Letter: "Choices For Consumers Will Be More Limited."** According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "If CSRs are not funded, Americans will be dramatically impacted: Choices for consumers will be more limited. If reliable funding for CSRs is not provided, it may impact plan participation, which would leave individuals without coverage options." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]

- **Letter: "Analysts Estimate That Loss Of CSR Funding Alone Would Increase Premiums For All Consumers – Both On And Off The Exchange – By At Least 15 Percent."** According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "If CSRs are not funded, Americans will be dramatically impacted: […] Premiums for 2018 and beyond will be higher. Analysts estimate that loss of CSR funding alone would increase premiums for all consumers – both on and off the exchange – by at least 15 percent. Higher premium rates could drive out of the market those middle-income individuals who are not eligible for tax credits." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]

- **Letter: "If More People Are Uninsured, Providers Will Experience More Uncompensated Care Which Will Further Strain Their Ability To Meet The Needs Of Their Communities And Will Raise Costs For Everyone."** According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "If CSRs are not funded, Americans will be dramatically impacted: […] If more people are uninsured, providers will experience more uncompensated care which will further strain their ability to meet the needs of their communities and will raise costs for everyone, including employers who sponsor group health plans for their employees." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]

- **Letter: "Hardworking Taxpayers Will Pay More, As Premiums Grow And Tax Credits For Low-Income Families Increase, Than If CSRs Are Funded."** According to A letter from America's Health Insurance Plans, the American Academy of Family Physicians, the American Benefits Council, the American Hospital Association, the American Medical Association, Blue Cross Blue Shield Association, the Federation of American Hospitals, and the U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, "If CSRs are not funded, Americans will be dramatically impacted: • Choices for consumers will be more limited. If reliable funding for CSRs is not provided, it may impact plan participation, which would leave individuals without coverage options. […] Hardworking taxpayers will pay more, as premiums grow and tax credits for low-income families increase, than if CSRs are funded." [Letter from America's Health Insurance Plans, American Academy of Family Physicians, American Benefits Council, American Hospital Association, American Medical Association, Blue Cross Blue Shield Association, Federation of American Hospitals, and U.S. Chamber of Commerce to HHS Secretary Price, Treasury Secretary Mnuchin, OMB Director Mulvaney, and CMS Administrator Verma, 4/12/17]