



# Expert Opinion on the ACA Repeal and Delay Strategy

By Thomas Huelskoetter January 19, 2017

Last week, Republicans in the U.S. Congress took the first step toward repealing much of the Affordable Care Act, or ACA, through the reconciliation process.<sup>1</sup> Their current strategy would repeal the ACA without an immediate replacement but would delay the effective date of repeal, ostensibly to give them time to develop and enact a replacement plan later.

Outside of Congress, experts have overwhelmingly criticized this as a flawed strategy that will cause chaos in insurance markets even before repeal is actually implemented.<sup>2</sup> This includes many conservative experts and commentators who support repealing the ACA but urge Congress to wait until a replacement is ready.

The criticism has taken a toll. Numerous Republican senators have now argued against this approach and have taken the position that repeal and replace should happen simultaneously.<sup>3</sup> Notably, President-elect Donald Trump himself has now publicly endorsed this position.<sup>4</sup> The pressure has only intensified since earlier this week when the Congressional Budget Office estimated that repeal and delay would have immediate impacts in 2018: Insurers would leave the market, individual market premiums would rise by 20 percent to 25 percent, and 18 million people would become uninsured even before repeal went into full effect.<sup>5</sup> The collection of expert quotes below demonstrates why congressional Republicans have fallen into disarray over this issue and why repeal now, replace later would be a disaster.

**Joseph Antos and James Capretta, American Enterprise Institute:** “We do not support this approach to repealing and replacing the ACA because it carries too much risk of unnecessary disruption to the existing insurance arrangements upon which many people are now relying to finance their health services, and because it is unlikely to produce a coherent reform of health care in the United States. The most likely end result of ‘repeal and delay’ would be less secure insurance for many Americans, procrastination by political leaders who will delay taking any proactive steps as long as possible, and ultimately no discernible movement toward a real marketplace for either insurance or medical services.

“Congress should instead roll back elements of the ACA in the same legislation that moves U.S. health care more deliberately toward a functioning marketplace that is less dependent on federal coercion and control. This approach provides the best chance of constructing a replacement plan that moves decisively in a better direction without unnecessarily creating chaos during the transition.”<sup>6</sup>

**Congressional Budget Office:** “In brief, CBO and JCT estimate that enacting that legislation would affect insurance coverage and premiums primarily in these ways:

The number of people who are uninsured would increase by 18 million in the first new plan year following enactment of the bill. Later, after the elimination of the ACA’s expansion of Medicaid eligibility and of subsidies for insurance purchased through the ACA marketplaces, that number would increase to 27 million, and then to 32 million in 2026.

“Premiums in the nongroup market (for individual policies purchased through the marketplaces or directly from insurers) would increase by 20 percent to 25 percent—relative to projections under current law—in the first new plan year following enactment. The increase would reach about 50 percent in the year following the elimination of the Medicaid expansion and the marketplace subsidies, and premiums would about double by 2026.

“... CBO and JCT also expect that insurers in some areas would leave the nongroup market in the first new plan year following enactment. They would be leaving in anticipation of further reductions in enrollment and higher average health care costs among enrollees who remained after the subsidies for insurance purchased through the marketplaces were eliminated. As a consequence, roughly 10 percent of the population would be living in an area that had no insurer participating in the nongroup market.”<sup>7</sup>

**Nick Gerhart, former Iowa insurance commissioner:** “If the new Congress passes a bill to repeal all of the ACA, I hope that a replacement for the ACA is stapled to that bill. An immediate repeal would lead to devastating consequences in the disruption of people’s care, and create even more uncertainty for millions of Americans.”<sup>8</sup>

**Philip Klein, *Washington Examiner*:** “This is a horrible idea. For one, there’s no guarantee that insurance companies will continue to participate in Obamacare over the next several years knowing that the law is going to be repealed.”<sup>9</sup>

**Ramesh Ponnuru, *Bloomberg View*:** “Until now, voters have blamed Democrats for the problems with Obamacare. That might not be the case after Republicans enact the first part of their repeal-and-delay strategy.”<sup>10</sup>

**Michael Cannon, *Cato Institute*:** “What they are planning to do is absolutely insane.”<sup>11</sup>

**Robert Laszewski, insurance consultant:** “Insurers have got to put their products together this spring, and we’re right in the middle of killing Obamacare. ... Are they going to submit proposals to sell in 2018? Why would they stay in the pool?”<sup>12</sup>

“Republicans are being awfully naive. They seem to be ignoring the risks in the transition period.”<sup>13</sup>

**American Academy of Actuaries:** “Repealing major provisions of the ACA would raise immediate concerns that individual market enrollment would decline, causing the risk pools to deteriorate and premiums to become less affordable. Even if the effective date of a repeal is delayed, the threat of a deterioration of the risk pool could lead additional insurers to reconsider their participation in the individual market.

“... Delaying the effective date of repeal while a replacement is worked out likely won’t be enough to assure the stability and sustainability of the individual market.”<sup>14</sup>

**Larry Levitt, Henry J. Kaiser Family Foundation:** “Think of ACA repeal first, replace later like musical chairs. When the music stops, no insurer wants to be the one with the sick enrollees.”<sup>15</sup>

“Any significant delay between repeal of the ACA and clarity over what will replace it would likely lead insurers to exit the marketplaces in droves.”<sup>16</sup>

**Stuart M. Butler, Alice M. Rivlin, and Loren Adler, Brookings Institution:** “If replacing the ACA is truly the goal, though, repealing it first without a replacement in hand is almost certainly a disastrous way to start. First, a reconciliation bill would likely destabilize the individual market and very possibly cause it to collapse in some regions of the country during the interim period before any replacement is designed. That’s because some insurers that have stayed in the individual insurance market in hopes of adding customers as they gained experience with the ACA marketplaces would likely pull out of the individual market under the ‘repeal and delay’ scenario, in the face of the law’s uncertain future and thus unpredictable enrollment and costs.

“... If no replacement plan materializes, the hollowed out individual market—for people without access to employer-provided or public coverage—could be left in shambles.”<sup>17</sup>

**Linda J. Blumberg, Matthew Buettgens, and John Holahan, Urban Institute:** “If Congress partially repeals the ACA with a reconciliation bill like that vetoed in January 2016 and eliminates the individual and employer mandates immediately, in the midst of an already established plan year, significant market disruption would occur. ... Many, if not most, insurers are unlikely to participate in Marketplaces in 2018—even with tax credits and cost-sharing reductions still in place—if the individual mandate is not enforced starting in 2017.”<sup>18</sup>

**Mike Kreidler (D), Washington insurance commissioner:** “The discussion right now about repeal and replacement is making the market very, very nervous.”<sup>19</sup>

“I would not be surprised by a stampede to exit the market for fear of uncertainty and the strong potential for adverse selection.”<sup>20</sup>

**Sylvia Burwell, secretary of health and human services:** “This idea of repeal and wait two years to replace—that is repeal. ... The uncertainty that gets created for consumers, for issuers, for states by having that is very, very damaging.”<sup>21</sup>

**Topher Spiro, Vice President for Health Policy, Center for American Progress:** “A repeal that kicks the can on replace would put the market in serious jeopardy, and the American people will hold them accountable for the results.”<sup>22</sup>

“If we don’t know what the replacement plan looks like, many insurers might drop out of the marketplace or price very conservatively, charging a lot more because of the risk and uncertainty in the market.”<sup>23</sup>

“Their strategy of repealing now and replacing later was designed to provide false assurance that everything would be okay. ... Now there’s a growing awareness that in fact this strategy would [cause] a lot of chaos and perhaps even collapse the market before a replacement plan can be put into place.”<sup>24</sup>

**Sabrina Corlette, Georgetown University Health Policy Institute:** “The idea that you can repeal the Affordable Care Act with a two- or three-year transition period and not create market chaos is a total fantasy.”<sup>25</sup>

**Judith Solomon, Center on Budget and Policy Priorities:** “Many people likely would lose coverage before any Republican health plan was fully implemented.”<sup>26</sup>

**Caroline Pearson, Avalere Health:** “Health plans have stayed in the market because they are hoping it is going to stabilize and they see it as a long-term opportunity for their business. ... If that is going away and health plans are actively losing money in the market there is very little reason for them to continue participating in 2018. ... The notion that the exchanges could collapse under their own weight in 2018 barring any changes is a reasonable risk.”<sup>27</sup>

**Ceci Connolly, Alliance of Community Health Plans:** “It’s enormously important for the incoming administration and Congress to be very clear about their intentions, because the worst thing for business is uncertainty.”<sup>28</sup>

**John Gorman, insurance consultant:** “This is like trying to develop a plan for the zombie apocalypse. ... It’s never been done before.”<sup>29</sup>

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## Endnotes

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