



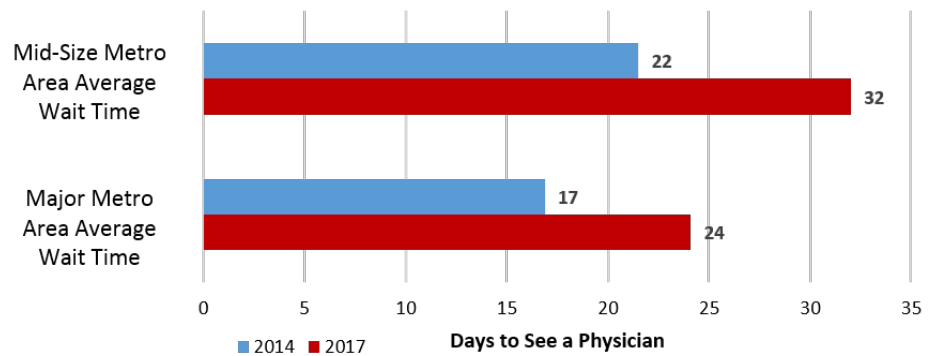
May 31, 2017

## Reminder: Obamacare Still Needs to Be Repealed and Replaced

On May 24, 2017, the Congressional Budget Office (CBO) released an estimate of the American Health Care Act<sup>1</sup> and its effects on health insurance coverage, government spending and revenue, and health insurance premiums.<sup>2</sup> CBO did its best to make these projections, but admitted that the assessments are still highly uncertain.<sup>3</sup> Leading up to CBO's score, troubling reports about what has occurred in the health insurance landscape continued. Below are some reports that may not have received the same share of the spotlight as the CBO report.

**Medicaid Enrollees Continue to Struggle to Access Care.** A newly published survey examined Medicaid enrollees' access to care in 15 mid-size and 15 major metropolitan areas.<sup>4</sup> The survey found that an average of only 53 percent of physicians in the major metropolitan areas accept Medicaid patients.<sup>5</sup> Since 2014 average wait times for new patients to see a doctor increased in major metropolitan areas by 30 percent to 24.1 days. Wait times in mid-size metropolitan areas increased by 32.8 percent to 32 days.<sup>6</sup> These findings are consistent with broader conclusions by the federal Medicaid and CHIP Payment and Access Commission that Medicaid enrollees have more problems accessing care than those with private insurance, including longer wait times to see a doctor.<sup>7</sup> Empowering states with more flexibility to design the program to fit the needs of their citizens could help address this disturbing lack of access to care for Medicaid patients.

Medicaid: New Patient Physician Appointment Wait Times



Source: Merritt Hawkins

**Premiums Going Up, Not Down as Promised.** The Department of Health and Human Services published a report last week stating that in the exchange market premiums increased on average by 105 percent in the 39 states using Healthcare.gov between 2013 and 2017. The

<sup>1</sup> For more information on the CBO's AHCA score, please see JEC Republicans' report <https://www.jec.senate.gov/public/index.cfm/republicans/2017/5/the-good-news-and-faulty-assumptions-in-cbo-s-new-analysis-of-the-american-health-care-act-ahca>

<sup>2</sup> CBO report, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>

<sup>3</sup> CBO, page 8.

<sup>4</sup> Merritt Hawkins, "2017 Survey of Physician Appointment Wait Times and Medicare and Medicaid Acceptance Rates," 2017, <https://www.merrithawkins.com/uploadedFiles/MerrittHawkins/Pdf/mha2017waittimesurveyPDF.pdf>

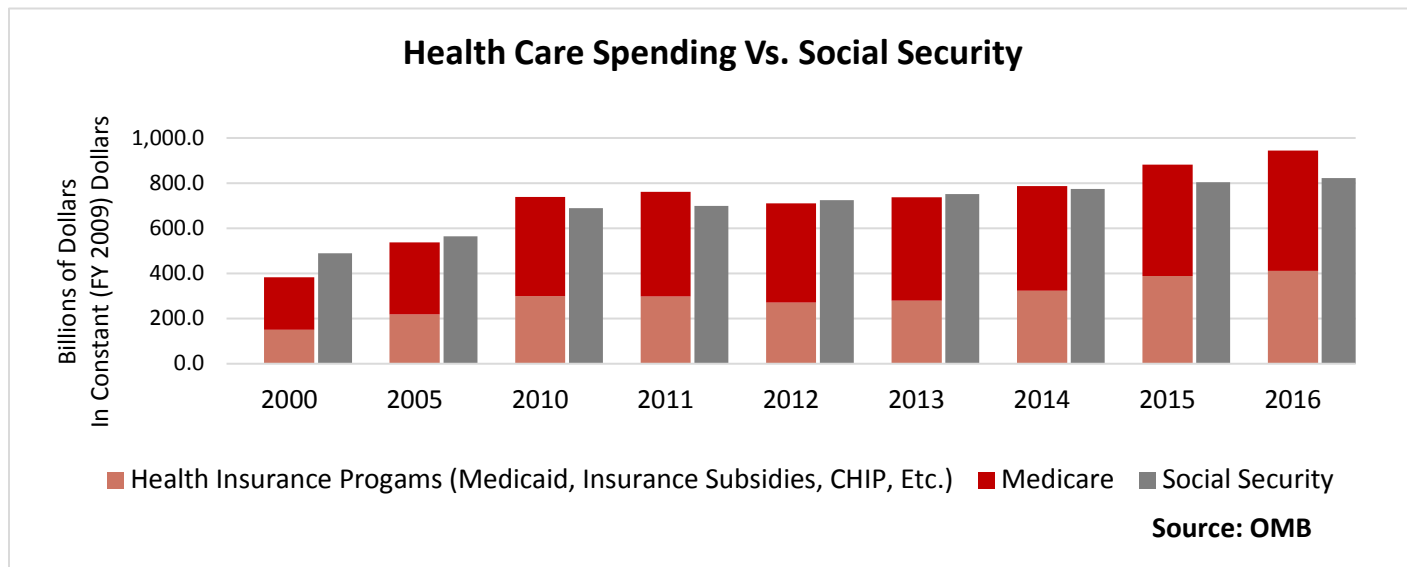
<sup>5</sup> Merritt Hawkins, page 25.

<sup>6</sup> Merritt Hawkins, page 5.

<sup>7</sup> MACPAC, "Report to Congress on Medicaid and CHIP," March 2017, page 134, <https://www.macpac.gov/wp-content/uploads/2017/03/March-2017-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

average monthly premiums increased from \$224 in 2013 to \$476 in 2017. Well over half the states had premiums double since 2013.<sup>8</sup> This is a far cry from President Obama's claims that health insurance premiums would go down.

Premium tax credits defray the cost of premium increases, but eligibility for the credits is limited. Last year roughly 1.6 million people enrolled in the Obamacare exchanges were not eligible for those credits and had to bear the full premium increase.<sup>9</sup> Additionally, those who obtained insurance outside the exchanges were automatically ineligible for credits. Any discussion about reforming premium subsidies should involve fiscal responsibility and bear in mind that the federal government spends a great deal on health programs. According to the Office of Management and Budget, health care expenditures by the federal government have outpaced spending on Social Security, our nation's largest single program.



**Insurers Continue to Leave the Obamacare Marketplace.** Obamacare architect Jonathan Gruber understood that competition helps lower premiums.<sup>10</sup> In 2016, the Obama Administration stated that, "Increased numbers of issuers in a market means more competition. More competition tends to put downward pressure on premiums."<sup>11</sup> Blue Cross and Blue Shield of Kansas City announced it would leave the Obamacare marketplace in 30 Missouri counties, 25 of which would be without a single Obamacare insurer.<sup>12</sup> Missouri already saw an average monthly premium increase from \$197 in 2013 to \$483 in 2017.<sup>13</sup> It seems likely that as competition dwindles in Missouri and other states, premiums will continue to climb ever higher.

**Takeaways:** Obamacare is failing the very patients it was intended to help in the individual insurance market and Medicaid program. Repealing Obamacare and replacing it with fiscally responsible reforms that promote innovation, flexibility, and competition is key to bringing down costs and increasing access and choices in the healthcare system.

<sup>8</sup> HHS ASPE, "Individual Market Premium Changes: 2013-2017," May 23, 2017, <https://aspe.hhs.gov/pdf-report/individual-market-premium-changes-2013-2017>

<sup>9</sup> HHS ASPE, "Compilation of State Data on the Affordable Care Act, 2016," <https://aspe.hhs.gov/compilation-state-data-affordable-care-act>. Roughly 11.1 million people were enrolled in the ACA marketplaces in 2016, but 9.4 million were eligible for premium subsidies which leaves roughly 1.6 million without such a benefit.

<sup>10</sup> Gruber, Jonathan, Leemore Dafny, Christopher Ody, "More Insurers Lower Premiums: Evidence from Initial Pricing in Health Insurance Marketplaces," *NBER Working Paper*, May 2014, <http://www.nber.org/papers/w20140>

<sup>11</sup> HHS ASPE, "Health Insurance Marketplace 2016 Open Enrollment Period: Final Enrollment Report," <https://aspe.hhs.gov/sites/default/files/pdf/187866/Finalenrollment2016.pdf>

<sup>12</sup> Marso, Andy and Bryan Lowry, "Blue Cross and Blue Shield of KC is Pulling Out of Obamacare Exchange in 2018," *The Kansas City Star*, May 24, 2017, <http://www.kansascity.com/news/business/health-care/article152369432.html>

<sup>13</sup> HHS ASPE, "Individual Market Premium Changes: 2013-2017," May 23, 2017, <https://aspe.hhs.gov/pdf-report/individual-market-premium-changes-2013-2017>