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Health Care Policy and Marketplace Review

A Health Care Reform Blog—Bob Laszewski's review of the latest developments in federal health policy, health care reform, and marketplace activities in the health care financing business.

WEDNESDAY, NOVEMBER 9, 2016

"Now What Do We Do?" Trumpcare?

Of course, "Now what do we do," is the famous line from Robert Redford's character in *The Candidate*, stunned by his victory and confused about what to do next.

But it doesn't really apply here.

A few thoughts as all of this sinks in:

- Some will tell you the Republicans are unprepared for repeal and replace. Wrong. There is a plan. Don't let anyone tell you there is not. The plan was written by Paul Ryan as part of his "[Better Way](#)" document released in June of this year. It is not in legislative form, but it is as detailed as the plan Bill Clinton or Barack Obama had the morning after they were elected. I fully expect Speaker Ryan to take the point on putting the legislative details on the table, which will generally follow this outline.
- As I pointed out in my blog post earlier this morning, Obamacare will effectively be repealed. No ifs, ands, or buts about it. The Trump voters voted for him expecting that he and the Republicans would do it and there is no turning back. This will be the first if not one of the first agenda items. Speaker Ryan, at his press conference this morning, reaffirmed that.
- The repeal part will be the easiest part—not a literal repeal but a defunding of the money used for the exchange subsidies, the Medicaid expansion, and that run the exchanges.
- The much harder part will be the replacement. Republicans will say to Democrats, "Help us create the new insurance system or be responsible for the consequences." Some are saying the Democrats won't cooperate. Here is why they will. In 2018, there are 23 Democratic and two Independent Senators (who caucus with the Dems) that will be up for reelection—a great many in states that Donald Trump won last night! There is a clear mandate here to replace Obamacare. If these Democrats fight it and that arguably results in millions of people thrown off their coverage they will do so at their peril.
- The best news here is that defunding and then replacement of Obamacare could ironically set the table for the first real bipartisan legislative effort in a very long time. The one we should have had in the first place.
- As challenging as creating a replacement will be the transition period before the new plan can be operative. It is not possible to instantly replace the Obamacare policies and the exchanges overnight. There will need to be a transition period between the old and the new that will be at least a year, if not two, for the new market to be prepared and implemented.
- I have to believe that the ongoing 2017 open enrollment will be a real problem for the insurers that are already losing lots of money in Obamacare. Healthy consumers, promised a new and cheaper plan by the Republicans, will likely hold back rather than pay the big prices and suffer with the big deductibles. That means fewer healthy people in the pool while the sick people stay with Obamacare during 2017.
- Insurers will be asking a very important question this morning: Why should we stay with Obamacare during the transition and lose even more money

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while the program deteriorates at an accelerating rate? Beyond 2017, why should an insurer withstand more losses during what will likely be the transition year of 2018? I expect that Republicans will find themselves in the uncomfortable, but necessary, position of having to subsidize these losses in the transition or have no insurers for people. Don't forget the point I have been beating the drum on for the last three years—half of those with Obamacare compliant individual health policies do not get a subsidy. I expect the vast majority of these people, hit with the big premiums and deductibles, voted for Trump and the Republicans. If for no other reason, Republicans have to worry about supporting these people in the transition.

- Obamacare may be dead law walking but it will be the only individual health insurance marketplace—and the place millions of people get their Medicaid coverage—for at least 2017, and very likely, 2018. Republicans will have to support it in the transition or face their own "If you like your health insurance you can keep it," debacle.
- Can I coin a new term here? Trumpcare.
- Will Republicans do a better job of paying attention to how the market works than Democrats did? I don't presume anything here. The Obamacare repeal and replace effort has left the station. No turning back. But, health care is hard. It is easier to screw it up than get it right. Democrats just learned that lesson. Republicans would do well to see what happened to the Democrats as sobering example of what not to do. **A fully ideological Republican plan that doesn't pay attention to how this market really works could put the Republicans right back where the Democrats are today.**
- As Barack Obama said eight years ago, "Elections have consequences."

Posted by [ROBERT LASZEWSKI](#) at 11:53 AM



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ROBERT LASZEWSKI, WASHINGTON, DC
Robert Laszewski is president of Health Policy and Strategy Associates, LLC (HPSA), a policy and marketplace consulting firm specializing in assisting its clients through the significant health policy and market change afoot. Before forming HPSA in 1992, Mr. Laszewski was chief operating officer for a health and group benefits insurer. The majority of Mr. Laszewski's time is spent being directly involved in the marketplace as it comes to grips with the health care cost and quality challenge.

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