

Despite problems, two-and-a-half cheers for Obamacare

It has been a tough six weeks for Obamacare. The healthcare.gov website got off to a very rocky start and insurance cancellation notices are getting the lion's share of media

DELAWARE VOICE
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attention. So now what? Should we throw

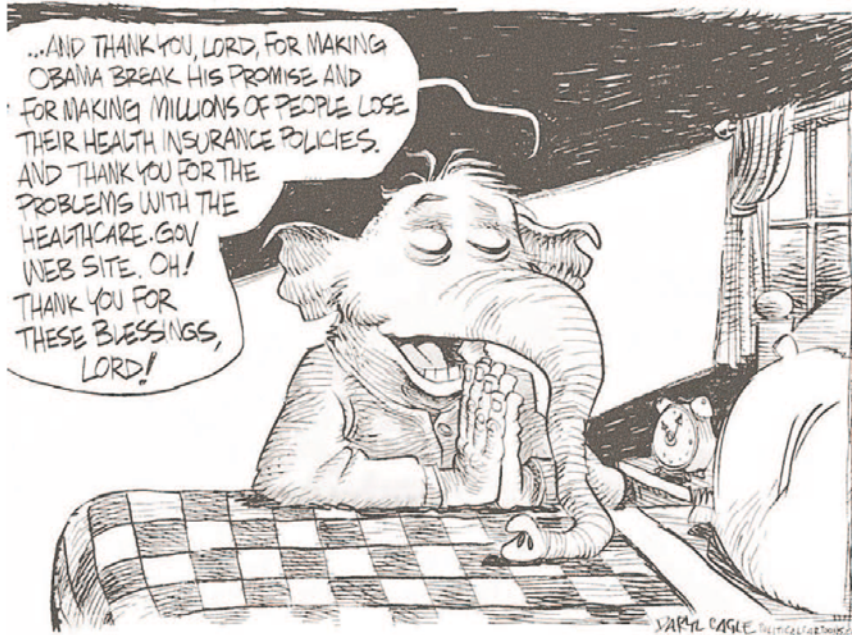
in the towel on health care reform? I have been a vocal advocate of Obamacare in columns published in the News Journal over the past few months. So it's probably no surprise that I think the answer is no.

It's far too easy to focus on the current implementation problems and lose sight of the pervasive, structural health care problems that led to Obamacare in the first place. So let's take stock of what is right and what is wrong with Obamacare.

What's still right? Obamacare is a mainstream policy reform that strengthens the private health insurance market. It is based on market-oriented principles developed at the Heritage Foundation, one of the most conservative think tanks in the country. The current problems with Obamacare don't change that at all.

Before Obamacare, 46 million Americans lacked health insurance. Families often lost health insurance when they lost a job, something that happened to far too many Americans during the recession. Americans with pre-existing conditions were completely shut out of private insurance markets.

Policy benefits were impossible to understand and often turned out to be nonexistent at the worst moments. All those problems are ad-



ressed by Obamacare. The current problems don't change those things, either.

Finally, Obamacare moves us toward becoming a country where almost everyone, no matter their income or accident of birth, will have access to quality health care. That's still true, too.

What's wrong? The Republicans have leveled charge after charge at Obamacare. It has death panels. It's a government takeover. It will bankrupt us.

False, false and false. But they have found two issues with traction – the inexcusably poor performance of the government website and the recent cancellation of policies that is seemingly at odds with the promise that President Obama made.

These are not trivial problems, but they are modest compared to the

benefits of Obamacare.

First, let's agree that the rollout of healthcare.gov was awful. Proponents of Obamacare, including me, are far angrier about this than the Republicans, whose anger is tempered by glee.

It is fair to note that the technical demands of healthcare.gov far exceed those of Amazon and other e-tailers. Amazon doesn't need to verify its customers' identities, verify citizenship via a Homeland Security database or income through an IRS database. The website has problems, but they are technical, not substantive, and they will be resolved.

Second, the problem of canceled insurance policies has been greatly exaggerated. The evidence thus far suggests that it affects a very small percentage of families, orders of mag-

nitude smaller than the number of persons who will directly benefit from Obamacare. Moreover, many of those people will be better off as a result of Obamacare, even if they don't yet realize it.

Two different kinds of policies have apparently been canceled.

The first kind was bare-bones insurance purchased primarily by people who couldn't afford better coverage and who gambled that they wouldn't need it. That's a gamble that people lose all the time with devastating medical and/or financial consequences.

Plans providing better coverage will now be available to these people through the exchanges. Many of them will qualify for subsidies that make the final cost similar to, if not lower than, the poor coverage they had before.

The second kind of canceled policies are "Cadillac plans" with very generous benefits. Most of these plans do meet the new insurance regulations and could legally be continued. These cancellations may seem puzzling, but they are actually an example of dysfunctional private insurance practices that are curtailed by Obamacare.

The reason is that Cadillac plans in the individual insurance market can only be profitably sold to people who are unlikely to need generous coverage. Anyone wanting to purchase this kind of plan has to fill out an extensive medical history, so that potentially expensive patients can be screened out. Insurance companies are cherry-picking the inexpensive patients at the expense of the less healthy, who end up with higher-priced policies or

with no insurance at all.

Under Obamacare, insurance companies can no longer use pre-existing conditions to deny coverage or increase its price. This is a widely popular provision, even among Republicans.

As a result, if an insurance company continued to offer its Cadillac plan, it might find it was attracting exactly the wrong customers – patients who might actually need expensive health care! Obamacare makes cherry-picking in health insurance, which adds to the overall administrative costs of the U.S. health care system without providing any benefits, a thing of the past.

Blaming Obamacare for the cancellation of these Cadillac plans is understandable, but it is shortsighted for two reasons.

First, a top-of-the-line platinum policy will be available on the health insurance exchanges to families with those canceled policies. Even more importantly, if a serious health condition develops – which can happen to anyone, anytime – these families now have guaranteed coverage with no increase in rates, thanks to Obamacare.

The verdict? Obamacare is not perfect and no one should have expected it to be. It does and will have problems and need fixes.

But it remains very sound healthcare policy. Its problems are temporary and isolated, while its benefits are large, widespread, and permanent.

So, despite its current problems, it's two and a half cheers for Obamacare, with a fervent hope that, sooner rather than later, it will earn all three.

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