



Weekly Checkup

Wither Obamacare?

CHRISTOPHER HOLT | NOVEMBER 30, 2018

Something is up with Obamacare. During the current open enrollment period for health insurance offered through the Affordable Care Act's (ACA) health exchanges, **enrollment has been consistently down from past years, even though premiums and plan options on average have stabilized or even improved.** As of Wednesday, 2,424,913 individuals had [signed up](#) for coverage in the 39 states that use the federal exchange. That's down roughly 350,00 from last year at the same point. In fact, enrollment has been consistently lower since the exchanges opened at the beginning of the month. In other words, while enrollment has historically spiked as the deadline looms, if the current trend line continues, the anticipated spike in enrollment won't close the gap. So, what's going on?

In this case, **it's unlikely there is a single cause driving lower enrollment**, but there are a number of factors that, directionally at least, could all be contributing to one degree or another. The most obvious cause might be **the repeal of the individual mandate penalty**, but there are several reasons to be skeptical. For one thing, the individual mandate penalty was only ever enforced on the margins, so it's unclear how much it really influenced people's choices about buying or not buying health insurance. And the Kaiser Family Foundation [released polling](#) this week that found only 31 percent of Americans even know that the penalty has been repealed.

In addition to the loss of the mandate penalty, **the Trump Administration has rolled out initiatives around association health plans and short-term limited-duration plans**, aimed at providing cheaper alternatives to ACA compliant coverage. It's difficult to say at this point how much of an impact these options might be having on enrollment. My instinct is not much, at least this soon, but those policy changes could be a second driver of lower enrollment.

A third potential cause of lower enrollment is the roaring economy, which has led to **particularly low unemployment rates**. It is likely that more Americans are getting insurance through their employers than in recent years.

Fourth, in another example of good news that might be to blame, the apparent stabilization of the ACA marketplace could also be negatively effecting enrollment. **Overall premiums for benchmark Silver plans are down slightly for next year, and in some places those premiums are down substantially. That means that subsidies for ACA plans are also going down by the same amount** in each rating area. If the benchmark Silver plan is down 10 percent in your rating area, your subsidy is also down 10 percent. That's not an issue if you're purchasing the benchmark plan, but because silver premiums rose so much last year ([due to the loss of cost sharing reduction payments](#)), some consumers were able to obtain Bronze coverage for little to no premium cost to themselves. If Silver plan premiums dropped for those people, their cost for subsidized Bronze coverage might have actually increased.

The fifth factor that comes to mind, and the one that may well be having the largest effect, is **the Trump Administration's spending reduction for advertising and navigators**, who help people through the ACA signup process. ACA enrollment [crested in 2016](#), and has been declining ever so slightly since—as has been federal spending on advertising and navigators. In 2016, Navigator programs were [funded](#) at \$63 million; that

spending decreased by almost half in 2017 to \$36 million. This year the federal government is spending \$10 million on navigators.

There are a number of policies and circumstances that could be affecting enrollment. The extent to which each factor is causing lower enrollment is hard to say, but **directionally they're all pointing toward lower enrollment.**

FROM TEAM HEALTH

[New Medicare Regulations Attempt to Lower Drug Prices](#) – Tara O’Neill Hayes, Deputy Director of Health Care Policy

This week the Centers for Medicare and Medicaid Services (CMS) released a rule with several new regulations aimed at lowering drug prices. The rule proposes giving insurers greater flexibility in negotiating drug prices, requiring them to give consumers more pricing information, and changing the directives around pharmacy price concessions. The rule could put downward pressure on drug prices, but could also come with tradeoffs, primarily by reducing patient access to certain drugs.

WORTH A LOOK

[Modern Healthcare](#): CMS Allows States to Get Creative With Federal Exchange Funds Under 1332 Waivers

[Wall Street Journal](#): Big Tech Expands Footprint in Health

[Health Affairs](#): Getting Ready For Health Reform 2020: Republicans’ Options for Improving Upon the State Innovation Approach