

The Daily Dish

TrumpCare

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So, straight from the policymaker-in-chief, here is the plan:

> *I am recommending to Senate Republicans that the Hundreds of Billions of Dollars currently being sent to money sucking Insurance Companies in order to save the bad Healthcare provided by ObamaCare, BE SENT DIRECTLY TO THE PEOPLE SO THAT THEY CAN PURCHASE THEIR OWN, MUCH BETTER, HEALTHCARE, and have money left over. In other words, take from the BIG, BAD Insurance Companies, give it to the people, and terminate, per Dollar spent, the worst Healthcare anywhere in the World, ObamaCare. Unrelated, we must still terminate the Filibuster!*

Let's take the president literally and imagine that all the subsidies being sent to insurers to cover Affordable Care Act (ACA) policyholders is, instead, sent in cash to the policyholders. Those policyholders with the greatest health needs will likely combine the government check with their own premium contribution and buy the same insurance. But some policyholders will not, especially if their health is good and they weren't paying anything out of pocket to begin with.

Enrollment would drop, but especially so among the healthy. This is classic adverse selection; the remaining pool will be sicker and the premiums would have to rise. This would tend to drive out the remaining relatively healthy and the spiral would continue. At some point in the process, insurers would leave the ACA market. Eventually there would be some sort of residual high-risk pool serviced at high cost by a few insurers.

So, giving people cash will not work. One could deposit the subsidies in a Heath Saving Account (HSA), or equivalent, so that it would have to be spent on insurance and medical costs. Problem: Not every ACA policy has an HSA attached to it. One could create an HSA for each policyholder, but it would have to be more flexible than the current HSA, which is

only attached to a catastrophic insurance policy. Not everyone buys a catastrophic policy, and for good reason. But if that is the system, then the money is going to BIG, BAD Banks, who then transfer it to BIG, BAD Insurance Companies. What has been accomplished?

Finally, the money could be put in a Flexible Spending Account (FSA) to cover the direct purchase of medical care. That solves the BIG, BAD Insurance Companies problem by essentially forcing everyone to self-insure and leaving them exposed to financial ruin from an expensive episode of acute care.

In the end, ObamaCare only "works" by throwing enough taxpayer money on the table to get millions insured at no expense to them. A better approach would be to get these individuals into the employer-sponsored insurance market, which has the added benefit of rewarding work. It is the road that should have been taken 15 years ago. Alas.

Unrelated, terminating the filibuster is a really bad idea.