The Daily Dish

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Shot: Obamacare Enrollments Hit 5 Million– At nearly double the pace of the previous two months, March's enrollment numbers have spiked to approximately 800,000 according to the administration. It still seems unlikely that the seven million enrollee (or even reduced six million) CBO estimate will be reached– especially considering that 20 percent of the 5 million enrolled are likely to have not paid for their first month's insurance yet.

Chaser: Survey: One-third of uninsured do not plan to buy insurance, despite Obamacare deadline– From Fox News, "The Bankrate.com report showed 34 percent of uninsured say they plan to stay uninsured. The most common reason cited was that they consider health insurance to be too expensive. Others are simply opposed to the health care law or think they are healthy enough to go without insurance."

The President announced sanctions on 11 Russian and Ukrainian officials during a special address before the press yesterday afternoon. "Further provocations will do nothing except to further isolate Russia and diminish its place in the world," Obama said at the White House. "We can calibrate our response on whether Russia chooses to escalate or de-escalate the situation." Doug Holtz-Eakin commented yesterday in the Daily Dish, "…since deferred costs are less important than immediate ones, it makes sense to avoid incremental strategies that 'turn up the heat.'"

Eakinomics: Risk and the Obamacare Exchanges

The Obamacare subsidized exchanges were never a sure thing. Some states did not choose to create their own exchange and some did so poorly. There was lots of evidence that the so-called "young invincibles" were not going buy the insurance, especially at the exchange prices, leading to more expensive pools. And all of that preceded the initial meltdown of healthcare.gov.

To address these issues, at least in part, the Affordable Care Act included three kinds of mechanisms to address risk: risk adjustment, reinsurance, and risk corridors. Reinsurance compensates a plan for the cost of an especially expensive enrollee using contributions from all insurers, while risk corridors — pejoratively known as the "insurer bailout" — offset in part any aggregate losses, and tax any gains, that a plan might experience.

In keeping with recent tradition, if not the law, the administration issued new rules under the cover of darkness Friday evening. As a result, the administration has exempted self-funded *union* plans from the reinsurance fee, thereby solving one of its political problems. Their next problem is that the botched rollout and lack of young enrollees means that insurers are bleeding money. To deal with this, previous documents had suggested that it might alter the risk corridor program in states that allowed re-instated plans (the stopgap solution to the political lie known as "if you like your plan you can keep it"). The March 14th rule did not implement such a policy but instead altered the risk corridor program in *all* states, allowed for a larger profit margin (up to 5 percent from the previous 3 percent) and greater administrative expenses (22 percent rather than 20 percent). This was a necessary response to the botched exchange rollout and in response to the fact that insurers had increased administrative expenses dealing with enrollment issues.

Of course the rule adds to the internal inconsistencies that are Obamacare: risk corridor payments made to the plans will not count against their "medical loss ratio" — the fraction of premiums paid in medical care — which just happens to run completely against the ACA legislation which specifies that MLR calculations are to be made after risk corridor payments have been taken into account.

Stepping back, in March 2014 there was every reason to expect an employer mandate, an individual mandate, the extinction of all non-compliant policies (which was clear to anyone who read the law), minimum coverage rules, and balanced pools in the exchanges. All have been tossed to the curb, at least temporarily. It has always been difficult to see what Obamacare would become. It is now just as hard to see what it is.