



The Daily Dish

Obamacare Repeal Scare Tactics and the Facts

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | JANUARY 5, 2017

On Tuesday House Republicans made moves in support of a procedural change which makes it easier for Congress to transfer federal lands to state or local governments. The move bars the Congressional Budget Office (CBO) from requiring legislators to account for lost possible revenue when ceding federal land to state or local entities. The procedural change was included in a larger rules package which passed the House by a vote of 233 to 190 last night.

Yesterday the American Action Forum (@AAF) released new research examining the United States' role as a net exporter of natural gas. According to AAF research, within the next five years the U.S. will become the number three natural gas exporter on the world market and could bring in over \$9.6 billion in earnings each year if pro-growth policies are pursued by Congress. The U.S. began exporting natural gas in February of 2016.

Eakinomics: Obamacare Repeal Scare Tactics and the Facts

The legislative effort to repeal the Affordable Care Act (ACA, aka Obamacare) and implement reforms that will deliver a high-value, market-driven health care sector is underway. And so are the scare tactics of its defenders; chief among them being that 20 million Americans who have gained insurance coverage will have it yanked from their hands and tossed in the metaphorical trash bin. This ignores the reality that while the vote will occur soon, the actual repeal will be deferred to allow passage of the reforms that will address Obamacare's weaknesses. It is literally a scare tactic; not reality.

But where does the 20 million number come from? New AAF research surveys the research on the actual net increases in insurance coverage, and it is the net increase that matters. By process of elimination, coverage increases could come from Medicaid expansions, individual insurance market purchases, increases in employer sponsored insurance (ESI) and coverage on one's parent's plan. But notice that if a person drops ESI and enrolls in the individual market, there is no net increase in insurance coverage. One must keep track of those that have just transitioned from one insurance pool to another.

Start with the last. There are 2.3 million young adults who remained insured as a dependent on their parents' health insurance until age 26, but as AAF's Robert Book [points out](#), it is certainly reasonable that some of these individuals would have found other insurance. Turning to Medicaid, of the 14.5 million newly enrolled, it is likely that only 9.6 million are newly eligible as a result of the Medicaid expansion provision. The remainder would have been eligible anyway and Obamacare did not expand that coverage. That brings the total new coverage to, at most, 11.9 million.

The remainder must come from the individual market or ESI. The AAF research surveys a large number of studies and comes to the conclusion that the number of people currently enrolled in on- and off-Exchange individual market plans who were previously uninsured range from 5.3 million to 8.7 million, despite the fact that enrollments in the individual market are 11 million or so. Finally, a recent RAND study concludes that that

of the 9.6 million increase in ESI, only 4 million represents a net gain in insurance.

The upshot is a picture of a great deal of migration across the insurance pools. So, putting it together, it is clearly possible to generate a number in the ballpark of 20 million. But the scare tactic relies on pretending that coverage is yanked immediately, and that those individuals cannot migrate from one pool to another — which clearly defies the evidence to the contrary.