BMJ 2017;359:j4805 doi: 10.1136/bmj.j4805 (Published 2017 October 16)

NEWS

Trump signs executive orders in bid to undermine Obamacare

Owen Dyer

Montreal

US doctors' groups have condemned a series of executive orders signed by President Donald Trump aimed at undermining the Affordable Care Act ("Obamacare"), which they said would bring "dramatic, if not catastrophic, increases in premiums across the country."[1]

Frustrated after the Senate voted three times against repealing Obamacare, Trump signed an order on 12 October to increase access to association health plans, a class of insurance not bound by Obamacare's rules on coverage. These plans typically offer patchier coverage at lower premiums and are expected to lure younger, healthier customers away from the Obamacare exchanges, forcing insurers on those exchanges to cope with older, sicker risk pools that will drive up premiums.

Hours later Trump's administration announced that it would also immediately cease paying the Affordable Care Act's cost sharing subsidies, which reimburse insurers that offer discounts to people earning less than about $30 000 (£22 600; €25 400) a year. Insurers will still be legally obliged to offer those discounts, but their cost will no longer be defrayed by the federal government. To avoid losses, insurers will be forced to raise premiums or quit the Obamacare exchanges altogether.

In a statement the doctors' groups, which included the American Academy of Family Physicians, the American College of Physicians, and the American Psychiatric Association, said that "we cannot and will not support efforts to deliberately undermine and destabilize our health care system. Such actions are inconsistent with the missions of our organizations and lack the basic elements of good governance and public policy."

The administration's announcement on cost sharing subsidies is the latest and most significant of a string of decisions likely to depress uptake of Obamacare insurance next year. The administration has already cut the budget for advertising the exchanges, cut payments to outside groups that help people access insurance, halved the enrolment period, and announced periodic planned shutdowns of the main website. It has also funded advertising against Obamacare.

Trump spent much of the summer threatening to drop the cost sharing subsidies, which he has described as an illegal bailout to insurance companies.

Opponents of Obamacare won a ruling in a lower federal court during the previous administration that found the cost sharing subsidies to be illegal because the money had not been appropriated by Congress. The Obama administration was appealing that ruling, but the Trump administration has now dropped that appeal.

At least 18 states have already announced plans to sue the federal government for ending the subsidies, arguing that the administration was neglecting its duty to implement a settled federal law. Maryland, Colorado, and Washington warned that they might have to delay the opening of Obamacare exchanges for 2018.

Speculation has been rife about Trump's motives in suddenly ending the subsidies just before a new enrolment period. The move will not save the government money, because the government pays tax credits to people on lower incomes that rise with the cost of premiums. The Congressional Budget Office calculated this summer that the government would pay out more in tax credits than it saves in subsidies if it stopped the payments.

In the first year, the office estimated, stopping the subsidies would add $6bn to the federal deficit, cause one million people to become uninsured, and add 20% to the cost of the average "silver level" health plan. Over 10 years $194bn would be added to the deficit by the decision to cut subsidies.

1 American Psychiatric Association. America's frontline physicians urge immediate reversal of decision to discontinue CSR payments. Oct 2017. https://www.psychiatry.org/newsroom/news-releases/americas-frontline-physicians-urge-immediate-reversal-of-decision-to-discontinue-csr-payments.