

# Health Reform's Next Test

BY PAUL STARR

**F**ailure, flop, fiasco—however you describe it, the Obama administration's rollout of Healthcare.gov will go down as one of the most embarrassing episodes of public mismanagement in recent history. In principle, the defects of the website have nothing to do with the merits of the Affordable Care Act. As a practical matter, however, the two have become intertwined, and the big question is how much damage the flawed rollout will do to the political survival of the ACA as well as those in Congress who voted for it.

In the short run, Healthcare.gov's problems have undermined trust in both the law and liberal government. They have created a general impression not just of incompetence but of failed promises, obliging the president to adopt an apologetic tone and shaping the media narrative about the ACA. Public approval of the law has dropped significantly as support has fallen among key Democratic constituencies such as the young, women, and Latinos.

But whether these judgments persist depends at least in part on objective performance. Some state exchanges worked well from the start, and Healthcare.gov improved by December, though it was far from perfect. The law's fate may hinge on whether enrollment for 2014 falls so far below projections as to drive up premiums for 2015, convincing many people that the reforms are counterproductive.

Here's the core problem: The more difficult it is to enroll, the

more likely people with high medical costs will predominate among those who sign up. After all, they have the motivation to persevere, while individuals with no immediate medical needs may not even try to enroll or may give up in frustration. But no insurance system can work well unless the healthy as well as the sick pay into it.

Signing up people was never going to be easy. According to a 2012 survey, three-quarters of the uninsured were unaware that the law would soon give them new opportunities for health coverage. As a general rule, news about any product or program has its biggest effect on those who have little prior information about it. So the harsh glare of early publicity may have had an especially powerful impact on the very people who would benefit from the ACA.

The relentless attacks on "Obamacare" by right-wing organizations and conservative media have probably also affected enrollment, at least among their target audience. According to Gallup surveys conducted throughout the fall, while 25 percent of all uninsured Americans said they would remain uninsured in 2014, that proportion stood at 45 percent among Republicans without coverage and only 15 percent among uninsured Democrats.

In addition, states where Republicans hold power have erected significant obstacles to enrollment. Not only have most red states refused to expand Medicaid or set up their own exchanges; some have also barred public employees from helping

with enrollment and established stiff licensing requirements for "navigators," designed to deter private groups from offering assistance. The ACA did not create any federal capacity to offer direct, in-person help with sign-up and payment arrangements to the many uninsured who have limited

## Will low enrollment in 2014 drive premiums higher for 2015?

education and no bank accounts. So, in the red states, ideological opposition and deliberate political sabotage, the incompetent rollout of Healthcare.gov, and the limits of the ACA may keep enrollment far below expected levels.

To be sure, the ACA was supposed to spur broad enrollment through the "individual mandate"—the penalties for failing to buy coverage. But the penalties for 2014 are relatively small, the government has little power to enforce them, and the administration never mentions them in publicizing the law for fear of intensifying the backlash against it.

Ever since 2010, Republicans have been promoting that backlash, often with outright

falsehoods; like gunmen firing wildly, they have finally scored some damaging hits. Just as Healthcare.gov was crashing, insurers announced cancellations of many individual policies that do not comply with the law's minimum requirements, and Obama had to apologize for saying if you liked your plan you could keep it.

But for the law itself, no apology is necessary. For years, without a murmur from Republicans, millions of people with individually purchased policies have had their policies canceled because they got sick. Those policies were never *insurance* in the true meaning of that term. Under the ACA, insurers cannot price coverage or cancel it on the basis of an individual's ill health. The gain in personal security will be enormous, even if the change in the market's rules creates transitional problems and raises premiums for some healthy people because the insurance pool includes more of the sick. Next year, they may get sick too.

With a more competent rollout, the administration could have minimized these concerns; instead, it has magnified them. I'd be more confident about the future except for a little-noticed announcement just before Thanksgiving. The start of open enrollment in the exchanges for 2015 has been delayed until November 15, 2014, eleven days after the midterm elections. Apparently, when voters go to the polls, the administration doesn't want them thinking about health insurance. And that tells me it's worried that low enrollment in 2014 may raise premiums for next year. ■