



## Repeal, Replace, Repair, Retreat — Republicans' Health Care Quagmire

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For 7 years, Republicans vowed to repeal and replace the Affordable Care Act (ACA). With Donald Trump in the White House and Republican majorities in Congress, the GOP was poised

to make good on that pledge. Yet less than 7 months into the Trump administration, the GOP's crusade to dismantle Obamacare has, at least for now, collapsed.

Republicans have been bedeviled by internal party divisions, strategic miscalculations, the absence of a viable replacement plan, the resilience of the status quo, and the constraints of American political institutions. Given their slim 52–48 majority, passing health care legislation in the Senate required forging a near-consensus among GOP lawmakers. Conservative and centrist Republicans could not, however, agree on whether the party's repeal pro-

posals went too far or not far enough. While Speaker Paul Ryan and GOP leaders found a way to navigate such tensions in the House of Representatives, they had a larger majority to work with and could afford more defections (even then, House repeal efforts initially imploded before a remarkable turnaround led to passage of the American Health Care Act [AHCA] on May 4 by a 217–213 vote).

In the Senate, narrow majorities gave Republican critics more power to block passage of the health care bill. Majority leader Mitch McConnell could not secure 50 votes for the Better Care Recon-

ciliation Act (BCRA), which largely resembled the House bill. A subsequent attempt to revise the BCRA to attract more support failed. Nor were there enough Republican supporters to pass a “clean repeal” that would have rescinded major ACA components without replacing them.

McConnell then sought to advance a “skinny repeal” bill that would have overturned only a few ACA provisions, including the mandates on individuals to obtain and larger employers to offer health insurance, and a tax on medical device manufacturers. The goal was to pass something, anything, through the Senate so negotiations could begin with the House on broader repeal-and-replace legislation. But some GOP lawmakers were skeptical, with Senator Lindsey Graham of South Carolina calling skinny repeal “a

disaster . . . a fraud.” In a bizarre spectacle, some Republican senators said they would vote for the plan only if party leaders assured them that the House would not pass the Senate bill and thereby enable it to become law. In the end, three GOP senators, Susan Collins of Maine, Lisa Murkowski of Alaska, and John McCain of Arizona, joined all 48 Democrats to defeat the proposal. Because Republicans could not agree on a replacement for the ACA, they could not repeal it.

Republicans’ Senate misadventures offer a powerful reminder about the limits of political power

with a narrow, divided party majority in the Senate is a formidable challenge that Republicans could not quite overcome.

The repeal-and-replace debate revealed Republicans’ failure to meet another challenge: developing a decent, let alone better, alternative to Obamacare. The House-passed AHCA would have repealed the ACA’s mandates, reduced insurance subsidies for low-income persons, cut taxes for wealthier persons, loosened insurance regulations, and rolled back funding for Medicaid expansion while capping federal Medicaid spending. That combination of reforms,

tional Republican thinking on health care — which favors higher deductibles, limiting federal assistance for lower-income persons, cutting taxes, and deregulating insurers — would result in tens of millions of Americans losing coverage and paying more for health insurance. They also underscored the success of ACA policies in making insurance more accessible for persons with pre-existing conditions and more affordable for lower-income Americans. Rolling back such policies without adequately replacing them is a recipe for disrupting the insurance system and eroding coverage, which is exactly what the Republican bills would have done.<sup>3</sup> The ACA and its myriad subsidies, regulations, and benefits have become a foundation of the U.S. health care system. The fact that GOP repeal proposals would have left much of the ACA in place confirmed that reality. Since 2010, Republicans have campaigned against a mythical Obamacare that they demonized as a disaster. The real Obamacare has serious shortcomings, but it also provides essential, popular benefits to tens of millions of Americans. Republicans learned a familiar lesson in health care politics: disturbing the status quo and threatening arrangements for already-insured Americans invite political disaster.

Moreover, the GOP miscalculated by going beyond ACA repeal to propose major cuts in Medicaid. Although Republican politicians highlighted the soaring premiums in ACA insurance exchanges in many states, in a legislative “bait and switch,” their repeal plans retained the exchanges and instead targeted Medicaid, which has nothing to do with the rising

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in the United States. Nothing that majority leader McConnell (who bypassed the normal legislative process in an attempt to minimize controversy) or the Trump administration (which warned Senator Murkowski about the consequences that a no vote would have for federal policies affecting Alaska) did could persuade 50 Republicans to go along on an issue central to the GOP agenda. Presidents cannot count on Congress, even when it is governed by the same party that holds the White House, to carry out their wishes. Nor can congressional leaders always rely on party members to fall in line. Enacting ambitious, controversial legislation

which the initial Senate bill emulated, is both bad policy and bad politics. The Congressional Budget Office (CBO) projected that the House and Senate bills would substantially increase the uninsured population while making coverage much less affordable and comprehensive for low-income persons.<sup>1,2</sup> Having promised to fix Obamacare and make insurance more affordable and accessible, Republicans instead delivered plans that would reverse the ACA’s progress in expanding health coverage and substantially worsen the problems of affordability and underinsurance.

The CBO analysis highlighted that putting into practice conven-

premiums in the individual insurance market.

Not only would the GOP plans have reduced federal funding for states that had taken up the ACA's Medicaid expansion and deterred additional states from expanding, they also would have imposed a stringent limit on federal Medicaid payments to states. States stood to lose hundreds of billions of dollars during the next decade, with major losses predicted in Medicaid enrollment. The Medicaid reductions were necessary to offset the costs of tax cuts for higher-income Americans and reflected long-standing conservative aspirations to limit the program. But Medicaid's remarkable scope (it covers more than 70 million Americans), array of sympathetic constituencies (it covers 49% of all children, 39% of births, 35% of persons with disabilities, and 64% of nursing home residents), role in financing vital medical services (including mental-health, HIV, and opioid-addiction treatments and long-term care), and importance to health system stakeholders (including hospitals, physicians, and states) means that it is not an easy mark.<sup>4</sup> The ACA's Medicaid expansion has given many states an even larger stake in the program, making it harder to cut. The backlash from governors, the health care industry, and consumer groups was fierce, and the proposed Medicaid cuts helped

doom the chances of repeal in the Senate.

By comparison with the GOP's dystopian health care vision, Obamacare has never looked better. Republicans could not mobilize public support for their plan, which was the least popular major legislation of the past three decades.<sup>5</sup> Instead, the Republican threats to Obamacare inspired widespread protests and a movement to protect the law. Ironically, the GOP managed to increase support for the ACA, whose favorability improved markedly during the repeal-and-replace debate.

Still, Obamacare's fortunes remain uncertain. Senate Republicans fell only one vote short of passing legislation, and with pressure on the GOP to fulfill its promise to overturn Obamacare, the party could try to revive repeal. Furthermore, the Trump administration has not decided whether to reimburse insurers for cost-sharing reductions that they must, under the ACA, provide to low-income Americans to help them afford deductibles and copayments. If President Trump refuses to make those payments, insurers will raise premiums sharply or exit the marketplaces; the president could create a self-fulfilling prophecy of ACA failure. The administration also could weaken Obamacare by granting more waivers to states and declining to enforce the individual mandate. Alternatively, Democrats

and Republicans could cooperate to stabilize the ACA's insurance marketplaces and adopt other reforms (some lawmakers are discussing such steps).

Since 2010, the ACA has been an existential issue for Republicans who made its elimination a political cause. Abandoning that commitment to repeal Obamacare, and instead working with Democrats on incremental measures to improve the law, will not be easy. The demise, for now, of Senate repeal legislation will not end the Obamacare debate. But could it mark a turning point?

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