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Obamacare vote is a first step, not the end of the road



[Jonathan Gardner](#)

The US House of Representatives appeared poised today to vote on legislation to replace the Affordable Care Act, proposing to cut a prescription drug tax but threatening to result in 14 million people losing health insurance coverage next year alone.

Rebellious Republicans raised doubts over the bill's passage, and it seems almost certain that it cannot pass the Senate in its current form. If President Donald Trump and the House leadership prevail in assembling a winning vote, it will be left to the upper house to achieve the sometimes contradictory aims of covering as many people as the Affordable Care Act (ACA) while lowering costs and reducing mandates to buy health insurance.

In the balance

Revisions to the bill aimed at bringing reluctant Republicans onside reduced the estimated 10-year savings from \$337bn to \$151bn, but have not changed an important forecast: 14 million people will drop coverage next year, and by 2026 24 million will have lost coverage, reversing all of the gains of the ACA ([Obamacare repeal eliminates taxes, but pricing threat remains, March 8, 2017](#)).

It was not entirely clear whether those efforts to bring on board more Republicans were successful – the vote counts were close enough to achieving a majority that success through last-minute arm-twisting was feasible. Mr Trump had ended his talks with House Republicans by asking them to vote on Friday and not let the issue fester.

The immediate loss of insurance coverage comes from removal of the requirement that everybody buy coverage – the “individual mandate” – or pay a penalty, along with new limits to be placed on spending for the Medicaid programme for low-income people and the disabled. Over the next decade Medicaid enrolment losses become greater, taking the [total number](#) of uninsured as a result of the legislation to 24 million, and the total in the whole country to 52 million, according to the non-partisan Congressional Budget Office.

In 2009, before the ACA was enacted, [there were 51 million uninsured](#), according to the Census Bureau.

Losing paying customers

The Medicaid coverage declines should be of some concern to the pharmaceutical sector – prescription drug spending under Medicaid has risen 56% since the ACA's enactment in 2010, much faster than the 28% increase broadly in the US.

However, the sector has declined to oppose the bill as steadfastly as hospitals and physicians, perhaps because of threats on prescription drug prices. Mr Trump has been promising action, and even Monday said he wanted “competitive bidding” to be part of a final ACA repeal package.

It is surprising that the sector is not more active. The repeal of levies on prescription drugs and medical devices will reduce the respective sectors' tax burdens by \$11.9bn and \$1.4bn in 2018. But, for pharma manufacturers, that tax was part of a grand bargain that kept the federal government from directly negotiating Medicare drug prices with pharmaceutical manufacturers.

Mr Trump's words have clearly put that grand bargain back in play. It would be unfortunate for the sector if its reluctance to speak up on the ACA repeal resulted in both a loss in pricing power and in the number of people who can buy its products.

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