

March 27, 2017

UPDATE: Obamacare repeal stalls leaving drug tax and coverage in place



[Joanne Fagg](#)

The US House of Representatives pulled legislation to replace the Affordable Care Act on Friday, delaying action on a cut to a prescription drug tax but staving off provisions that were forecast to result in 14 million people losing health insurance coverage next year alone.

Rebellious Republicans raised doubts over the bill's passage as the day progressed, and a decision to withdraw it came only minutes before a final vote was to have happened. The bill was almost assured to be subject to changes in the Senate in any case, but it is now an open question whether President Donald Trump, following an ultimatum demanding a vote on Friday, will want to engage in any more horse-trading to get the Affordable Care Act (ACA) replacement passed.

In the balance

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

The immediate loss of insurance coverage would have come 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 would have 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 have been 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 last Monday said he wanted “competitive bidding” to be part of a final ACA repeal package.

Now with ACA potentially to remain the law of the land for some time yet, the White House might want to pivot towards prescription drug pricing more quickly to rebound from a major defeat. This might have been what the sector was anticipating as it maintained radio silence during the ACA – no sense in sacrificing political capital in a fight that was bound to end in stalemate.

This is an updated version of a [previously published story on March 24](#).

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