



Written by [Raven Clabough](#) on December 3, 2013

Healthcare Bailout on the Way

In an attempt to salvage the failed launch of the healthcare law, President Obama is planning an event at the White House in which he will ask hand-picked Americans to go on display to illustrate the alleged benefits of the healthcare law. And in case that does not do a sufficient job of undoing the damage that the healthcare law has done to Obama's reputation, the White House is laying out plans to [bail out](#) insurance companies to help offset the loss of revenue and profit that the industry is experiencing under ObamaCare.



The White House is turning to a rather hidden provision in the healthcare law to prepare a bailout that the administration hopes will help address the industry's outrage over the administrative failures.

Townhall [reported](#), "A 'risk corridor' provision in Obamacare allows the federal government to give health insurers a taxpayer bailout if the cost of providing care for those insured through Obamacare is higher than insurers originally estimated when they first set premium prices."

Federal regulations originally allowed insurers access to bailout funds only after they spend \$60,000 on an individual, but on Monday, the Department of Health and Human Services introduced new regulations lowering the limit to \$45,000.

The Department of Health and Human Services has the power to use taxpayer money to reimburse insurance companies up to 80 percent of their additional cost in the first three years of the law's existence. Americans for Prosperity's website [explained](#), "If the cost of insuring individuals under the PPACA is 3% higher than estimated, insurance companies receive a 50% taxpayer reimbursement of the difference. If the cost of the ACA is 8% higher than estimated, which is a significantly more likely outcome, insurance companies receive an 80% taxpayer reimbursement. This bailout of insurance companies could end up costing taxpayers billions of dollars."

In the notice published Monday in the *Federal Register*, the Obama administration acknowledges that insurers have valid concerns when they observe that they may be saddled with sicker customers that cost more money in the new insurance exchanges because healthier Americans will likely be staying on their existing health plans for another year.

The botched healthcare website, failed rollout of the law, and the lack of younger and healthier Americans buying into the exchanges, along with expensive premiums, have ultimately resulted in just 100,000 individuals signing up through the exchanges, most of whom are older and sicker. That will dramatically increase the cost of premiums.

Fox News reported that the regulatory filing "blames the bailout on President Obama's sudden reversal of his long-planned regulations forcing insurers to cancel millions of policies. Obama nixed his rules after a public backlash over his misleading promise to voters in 2012 about keeping their insurance policies and doctors."



Written by [Raven Clabough](#) on December 3, 2013

Significant backlash over the cancellation of insurance policies compelled President Obama to announce on November 14 that he would be waiving some requirements of the new federal law and permit insurers to renew “current policies for current enrollees” for a year.

Fox News [explained](#), “The announcement was made in response to the millions of people receiving cancellation notices — but industry representatives raised concern that if they offer the old plans again, premium revenue could go down.”

Insurers are criticizing the president’s move asserting it will upset the assumptions on which they set premiums for insurance products in 2014.

The American Academy of Actuaries released a statement that indicates the president’s plan to reverse the health insurance cancellations “could lead to negative consequences for consumers, health insurers, and the federal government.” The statement adds, “Costs to the federal government could increase as higher-than-expected average medical claims are more likely to trigger risk corridor payments.”

Additionally, the healthcare.gov website continues to experience major problems, and there are significantly fewer new customers than the administration had originally hoped.

An official with the Centers for Medicare and Medicaid Services referred to the risk corridor program last week as a means to help insurance companies.

Gary Cohen, director of the Center for Consumer Information and Insurance Oversight, said in a letter to insurance commissioners that the program “should help ameliorate unanticipated changes in premium revenue” and that the government is looking at ways to modify the rules “to provide additional assistance.”

Republicans have been preparing for such a move, however. Senator Marco Rubio of Florida has a bill on offer in the Senate that would prevent “insurance bailouts.”

Rubio along with a half dozen other senators — Saxby Chambliss (R-Ga.), James Inhofe (R-Okla.), Mike Lee (R-Utah), Mitch McConnell (R-Ky.), Rand Paul (R-Ky.), and David Vitter (R-La.) — introduced the “Obamacare Taxpayer Bailout Prevention Act” on Tuesday that would strip a provision in the Affordable Care Act related to the risk corridors.

According to Rubio, the risk corridors serve as a “blank check” for the healthcare industry.

In an opinion piece [written](#) by Rubio, he explained that risk corridors could be structured so as to protect taxpayers, but the healthcare law provision did “no such thing.”

“The idea that the federal government should be bailing out insurance companies in order to make Obamacare work, that’s not something a lot of people are aware of,” Rubio told Fox News. “And I haven’t taken a poll on it, but I guarantee you it would be hugely unpopular.”

Robert Zirkelbach, spokesman for America’s Health Insurance Plans, has emphasized that the three-year program is just temporary and that it is not entirely out of the ordinary for new laws. “There’s a lot of uncertainty about what the markets are going to look like,” he said, noting the payments are designed to help stabilize the market.

However, it is not likely that Senate Majority Leader Harry Reid would allow a vote on the legislation.

Townhall observed that the Congressional Budget Office had not considered bailouts when calculating the cost of ObamaCare, and that if the bailout proceeds, the healthcare law will add billions to the deficit.



Written by [Raven Clabough](#) on December 3, 2013

Rubio submitted a letter to the Congressional Budget Office asking for a cost estimate for the program. "It is clear that the risk corridors' only purpose over the next 3 years will be to serve exclusively as a taxpayer bailout mechanism for health insurance companies," he wrote.

President Obama told insurance executives last week that the government's assistance to the insurance companies will be limited. But as noted by Rubio, "President Obama's November 14 decree can only be implemented if the American taxpayer provides a bailout safety provision funded on their dime."



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

Subscribe