



Written by [Raven Clabough](#) on June 14, 2017

Iowa Requests Federal Help in Anticipation of ObamaCare Collapse

Bloomberg News reports that Iowa is the  first state to approach a total collapse of ObamaCare, though experts believe it is likely the first of many. But despite the failures resulting from big government's role in healthcare, the proposed plan to address the collapse, unfortunately, resorts to costly big government solutions rather than constitutional ones. In anticipation of the impending collapse, Iowa lawmakers have asked the Trump administration to cover health insurance for the 72,000 Iowans who are currently covered under the Affordable Care Act.

The [proposal](#) released Monday asks the federal government to pay \$352 million in backup funding for insurers and overhaul ObamaCare's subsidies for consumers, while the state would create a single standardized plan for insurers to offer.

Bloomberg News reports,

The subsidies Iowa is proposing are similar in structure to a Republican plan that passed the House of Representatives. They provide a fixed level of financial assistance based on age and income. That's in comparison to Obamacare's subsidies that are tied to the cost of health insurance plans.

"The proposed Stopgap Measure is the only proposal ensuring that health insurance will be sold to those utilizing Iowa's individual market in all of Iowa's 99 counties in 2018," Insurance Commissioner Doug Ommen said in a statement Monday. "Iowa's individual health market has collapsed as result of the Affordable Care Act."

In April, two of Iowa's remaining three healthcare providers, Aetna and Wellmark, announced that they would not be participating in the state's exchange in 2018, citing "financial risk and an uncertain outlook for the marketplace." In May, the final insurance plan, Medica, announced that it would also pull out of the exchange in 2018.

If the Trump administration approves the state's plan, consumers will have insurance coverage, but it will cost more than it did under ObamaCare, proving once more that ObamaCare was a completely unsustainable program.

According to Cynthia Cox, vice president of the Kaiser Family Foundation, Iowa is simply the leader of what will become a national phenomenon as several states are currently operating with just one remaining insurance carrier.

Of course, none of this comes as a surprise. Fox News reported last year that the total number of HealthCare.gov insurers would drop from 232 to 167 in 2017, and even those figures are misleading, as insurance companies are counted more than once if they are in more than one market.



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The same insurance companies that are opting out of ObamaCare were some of the Affordable Care Act's most vocal proponents, that is until they realized that they would be losing substantial sums of money under the program.

When UnitedHealth realized it stood to lose as much as \$800 million in 2016, it announced that it would end its participation in all but a handful of exchanges in 2017.

"The smaller overall market size and shorter term, higher-risk profile within this market segment continue to suggest we cannot broadly serve it on an effective and sustained basis," UnitedHealthcare Group CEO Stephen Hemsley told reporters in 2016. "Next year, we will remain in only a handful of states, and we will not carry financial exposure from exchanges into 2017."

Other ObamaCare proponents followed suit. In 2016, Aetna, which once lauded the healthcare law, announced that it would pull out of the 2017 public exchange expansion plans. According to the Daily Caller, the company reported losing \$430 million since 2014 from participation in the exchanges. Similarly, Humana, Blue Cross, and Anthem could not handle the increased number of particularly high-risk customers, many of whom have generated far more claims than insurers predicted, though critics of the law have from the beginning forecast such outcomes.

Humana was the first to announce that it was opting out of ObamaCare altogether in 2018, which has resulted in the all-out collapse of ObamaCare in Knoxville, Tennessee, where Humana was the only remaining provider on the ObamaCare exchange.

And the co-ops that were created to keep prices competitive and ObamaCare solvent struggled just as much as the healthcare insurers. Just four of the 24 co-ops remain.

According to the *Des Moines Register*, individuals in Iowa at particular risk are those who lost their spouses' employer-provided coverage as a result of divorce or death, and young adults who lose access to their parents' coverage when they turn 26. The *Des Moines Register* writes, "If they can no longer obtain their own insurance, such consumers could be under increased pressure to find jobs offering health benefits." But is that such a bad thing? One significant problem that ObamaCare created was that it disincentivized individuals from working full-time or finding jobs with good benefits. It also disincentivized employers from offering good benefits. And those that did were forced to stop in many cases because of the expense.

Congressional Republicans have cited what is happening in Iowa as proof that an ObamaCare alternative is necessary. Iowa Republican Senator Chuck Grassley said that Republicans need to move quickly to stop the Iowa disaster. "The goal is to enact legislation to improve health care in time to help as many people as possible, including those who may find themselves in a tough spot next year," he said last month.

But the Republican "alternative" does little to assuage the problems created by ObamaCare, and any measure that does not provide a complete repeal of the disaster known as ObamaCare falls short. Rather than upholding conservative principles, Trump and GOP lawmakers are trying to uphold promises made by the Democrats to insure as many Americans as possible. By citing the number of insured Americans as the standard by which all healthcare laws should be measured, Republicans have abandoned the free market principles that would guarantee the American people access to health plans that are affordable and valuable.

Unfortunately, though the only sustainable solution to the crises created by ObamaCare is a free market one, too many Americans have bought into the idea that healthcare is a right to be granted by the



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federal government.

Ommen too subscribes to this belief. "This is a federally created situation, and we need a federally created solution," he said.

And leading Iowa insurance broker Lynn Schreder told the *Des Moines Register*, "What I'm telling people is we have to hope and pray that something's going to happen in Washington, because that's our only hope."

To be fair, there is a role that the federal government can play in addressing the problems created by ObamaCare: They should pass laws that undo the damage created by federal intervention in healthcare and restore the free market. *The New American's* Kurt Williamsen expounds on these [here](#): They include modifications to tax laws to permit tax-free health savings accounts, reducing medical care costs by eliminating Certificate of Need laws, and increasing transparency in insurance payments, allowing more foreign doctors into the United States, and removing the American Medical Association's role in certifying medical programs.



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