



Written by [Michael Tennant](#) on February 16, 2018

## Trump's Budget Proposal Reinstates ObamaCare Bailouts

Despite President Donald Trump's previously stated opposition to ObamaCare's insurance-company bailouts, the [federal budget](#) he recently proposed actually reinstates these supposedly temporary bailouts and even asks for them to become a permanent entitlement.

Trump proposes spending \$11.5 billion to pay back claims under the healthcare law's risk-corridor program, whereby insurers who suffer losses on the exchanges are bailed out by those who reap "excess" profits on them. The program was supposed to be self-sufficient, but "the losses thus far have exceeded the gains, and the program ran an \$11.5 billion shortfall through 2016, when the law required the program to 'sunset,'" wrote the [Daily Signal](#).

"To make matters worse," reported the website, "the proposal both asks for an [\$800 million] appropriation and proposes to put the program in the mandatory baseline — indicating that insurers are to be the beneficiaries of federal funding as a form of entitlement." On top of that, Trump wants to exempt the program from budget sequestration, so it can grow even as other programs are forced to tighten their belts.

The risk-corridor program has never been funded by Congress. In fact, lawmakers passed bills explicitly forbidding its funding, and President Barack Obama signed them.

Insurers, who had counted on the program when deciding to participate in the exchanges, [filed suit](#) to get the bailouts to which they believed they were entitled. Despite Obama's clear desire to give insurers what they wanted in order to shore up his signature achievement, his administration dutifully opposed the lawsuit in court. The Trump administration has done likewise, although seemingly under less duress, the president himself having [told](#) Congress to stop "providing bailouts to insurance companies."

By asking Congress to fund the risk-corridor program — and to do so in perpetuity — the Trump administration "is undercutting the argument made by the Justice Department under both ... Obama and Trump that this program is no longer an obligation of the federal government," argued the [Daily Signal](#). Insurance-company attorneys are undoubtedly delighted with this turn of events; others are not.

Senator Marco Rubio (R-Fla.), a longtime critic of the risk corridors, [tweeted](#): "I've been fighting for years to ensure we do not bail out #Obamacare, but @POTUS budget includes \$ for the Obamacare risk corridors & would protect the program from automatic cuts. Why should #Obamacare Insurer Bailout program be protected & not important programs for #Florida?"

Americans for Prosperity President Tim Phillips said in a [statement](#), "It is disappointing to see this administration proposing to restart the misguided practice of using taxpayer dollars to subsidize big





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insurers. President Trump has provided regulatory relief that allows those hurt by skyrocketing Obamacare premiums onto short-term policies or association health plans, eliminating the need for a new round of insurance company giveaways.”

“Including CSRs [Cost Sharing Reductions] and risk corridors in the White House budget would only prop up the failing health care law,” he continued. “Obamacare was manipulated to put the profits of private health insurance companies ahead of tax-paying Americans, and it’s good that we have put an end to these bailout programs.”

The Trump administration announced in October that it would [stop paying CSRs](#), which subsidize premiums for exchange plans, because Congress had not appropriated the money for them. A few days later, however, Senators Lamar Alexander (R-Tenn.) and Patty Murray (D-Wash.) [made a deal](#) to appropriate the money, which Trump then endorsed.

According to [National Review](#), appropriating money for ObamaCare programs that Republicans have heretofore opposed appears to be part of a political strategy: “The plan is that insurers, flush with federal cash, will go easy on 2019 premium increases. That matters because those premiums will be announced just prior to the November elections. Republicans can then run, not on having repealed Obamacare, but on heading off another round of steep premium hikes. Moderate voters will find the kinder, gentler, more pragmatic GOP appealing and help the party retain seats in swing districts.”

Maybe. But iffy political gimmicks are no substitute for principle, particularly the principle that the federal government shouldn’t be doing anything the Constitution doesn’t authorize. Under that rule, not only the bailouts but the whole of ObamaCare should be shown to the door — and given a swift kick out.



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