The Collapse of Obamacare: Big Problem in Republican States

President Trump and Republicans in Congress have repeatedly charged that the Affordable Care Act (ACA) is collapsing. They point to insurers dropping out of the exchanges and endlessly cite the fact [that more than 1300 counties](http://www.kff.org/health-reform/issue-brief/preliminary-data-on-insurer-exits-and-entrants-in-2017-affordable-care-act-marketplaces/) across the United States only have one insurer operating in the exchanges and that some will not have any in 2018.

The lack of competition in the exchanges is a serious problem. While people can still buy insurance in the individual market off the exchange, and still benefit from the ACA prohibition against discrimination based on pre-existing conditions, they are not eligible for ACA subsidies unless they buy insurance through the exchanges. These subsidies are necessary to make insurance affordable for millions of people.

So the lack of a vibrant market in many counties is a serious issue for the ACA. However there is an important part of the story that Trump and other Republicans forget to mention. The lack of competition in the exchanges is overwhelmingly a problem for people living in states controlled by Republican governors.

The graph below shows the number of people living in counties that only have one insurer in their exchange by the party of the state’s governor.

Graph

As can be seen over 40 million of the people in counties with only one insurer in the exchanges live in states with Republican governors. By comparison, just 10.7 million people who only have one insurer in the exchanges live in states with Democratic governors.

This ratio of almost four to one gets considerably worse if we pull out North Carolina. While North Carolina does now have a Democratic governor, he just took office at the start of the year. And, he must deal with a legislature in which Republicans control both houses. For this reason, it is questionable whether the Democrats can be blamed for the degree of competition in North Carolina’s exchanges.

Anyhow, not including North Carolina brings down the number of people with one insurer in their exchange in states controlled by Democratic governors to just 2.1 million. This means that there are almost 20 times as many people with no choice of insurers in the exchange in states with Republican governors as in states other than North Carolina that have Democratic governors.

Another way to put this is 20.7 percent of the people living in states with Republican governors have only one insurer in the exchange. By comparison, 8.4 percent of the people living in states controlled by Democratic governors only have one insurer in the exchange. And 1.8 percent of people living in states other than North Carolina controlled by Democratic governors only have one insurer in their exchange as shown below.

Graph

The lesson from this is that while there might be less competition in many exchanges that would be desirable, the biggest problem is in Republican states where there has been little effort to make the ACA work. Where politicians have sought to make the system work, as in the states controlled by Democratic governors, they have done reasonably well.

So, when Trump and other Republicans tout the lack of competition in the exchanges they are essentially talking about their own efforts to sabotage Obamacare. It is not a problem inherent in the system.