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What's at Stake in a Health Bill That Slashes the Safety Net

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What do we lose when social insurance unravels?

It is startling to realize just how much the social safety net expanded during Barack Obama's presidency. In 2016, means-tested entitlements like Medicaid and food stamps absorbed 3.8 percent of the nation's gross domestic product, almost a full percentage point more than in 2008.

Public social spending writ large — including health care, pensions, unemployment insurance, poverty alleviation and the like — reached 19.3 percent of G.D.P., the most in decades and almost three percentage points more than in the year before Mr. Obama took office.

Government in the United States still spends less than most of its peers across the industrialized world to support the general welfare of its citizens. But during the Obama administration the gap shrank to its smallest since the early 1980s. By these numbers, American social policy looks closer to that of the social democracies in Europe than at any time in a generation.

It didn't stick, though.

Last week, President Trump's sketch of a budget underscored how little interest he has in the nation's social insurance programs — proposing to shift $54 billion next year to the military from the civilian discretionary budget that funds many of the government's social efforts.

And in the biggest step to shrink the social safety net since President Franklin D. Roosevelt started building it in the rubble of the Great Depression, Republicans in the House plan to vote this week to undo the Affordable Care Act. That law was Mr. Obama's singular contribution toward an American welfare state, the biggest expansion of the nation's safety net in half a century.

Voters, pay attention. The House speaker, Paul D. Ryan, will try to sell his plan by leveraging Americans' atavistic fear of Big Government, offering people the freedom to choose whether to have health insurance. You may want to focus instead on what the United States stands to lose.

Mr. Ryan's proposal, the American Health Care Act, doesn't merely undo the expansion of Medicaid to the near poor. It converts the entire program into a block grant to the states and gradually strangles it by increasing federal funding more slowly than projected spending growth. Not even the Clinton administration's welfare reform of 1996, the other notable revision of the American safety net, proposed such a redistribution.

Welfare reform did hurt many poor people by converting antipoverty funds into block grants to the states. But it was accompanied by a big increase in the earned-income tax credit, the nation's most effective antipoverty tool today. More than reducing antipoverty funds, the strategy for welfare reform changed who got them and under what conditions.

The American Health Care Act, by contrast, is decidedly about cutting people off. David M. Cutler, an expert on the economics of health care at Harvard University, put it like this: "No other Congress or administration has ever put forward a plan with the intention of having fewer people covered."

Under the House Republican plan, 24 million more Americans will lack health insurance by 2026, according to the nonpartisan Congressional Budget Office. Of

those, 14 million will lose access to Medicaid and "choose" not to spend money — money they don't have — on health insurance. Millions more near-poor people in their 50s and early 60s will likewise be left without a policy they can afford.

And that is just the first pass.

We have a pretty decent idea of what poor people do when they lose health insurance. In 2008, Oregon expanded Medicaid coverage to several thousand people selected by a lottery, giving researchers an opportunity to understand the effects of the program by comparing what happened with winners and losers. Knowing how people's lives change when they gain access to Medicaid can also tell us what happens when Medicaid is lost.

What will happen? Millions of Americans — poor ones, mainly — will use much less health care. They will make fewer outpatient visits, have fewer mammograms and cholesterol checks. Access to Medicaid in Oregon increased use of health care services by some 25 percent. Losing Medicaid is likely to reduce use by a similar amount.

Losers under Mr. Ryan's plan may not immediately see their physical health deteriorate — researchers did not detect improvements in the health status of lottery winners in Oregon during their first two years under Medicaid. Still, some will be more likely to die, especially those not quite of Medicare age.

Among those who survive, more are likely to report themselves in poorer health. Their rates of depression are likely to rise. Critically, their finances will certainly suffer. This provides a direct glimpse into how cutting off health insurance won't just reduce access to health care among the poor. It will ricochet across society.

On average, an uninsured person who is hospitalized leaves $6,000 in unpaid bills. Those costs don't vanish, but show up elsewhere in the system — in lower hospital profits, or maybe in higher medical bills and insurance premiums for the insured. One study concluded that 60 cents out of every dollar spent on Medicaid goes to offsetting those costs.

These considerations will not persuade small-government Republicans who see the repeal and replacement of the Affordable Care Act as a not-to-be-missed opportunity to cut hundreds of billions of dollars spent on low-income Americans to finance deficit reduction and tax cuts. They might pause to consider the consequences of a strategy that so openly redistributes money from the poor to the rich.

The Ryan plan — caught between right-wing Republicans in the House who would like to cut health care subsidies further and centrists in the Senate who are loath to leave so many Americans uninsured — may not pass in its present form. The administration could short-circuit the Affordable Care Act by dragging its feet on enforcing the insurance mandate or simply not advertising plans on the exchanges. In any event, public health insurance will take a big hit.

Who knows where this retrenchment takes the country? Maybe attaching a work requirement to Medicaid, as conservatives propose, will prod the poor to get a job. Or perhaps it will just cut more people from Medicaid's rolls. Further up the income ladder, losing a job will become more costly when it means losing health insurance, too.

Might an uninsured mother become more reluctant to let her child play outdoors and risk an expensive broken arm? Might depression and mental health problems destabilize families, feeding down into the health, education and well-being of the next generation?

I realize this sort of speculation can sound excessively dramatic for what is ultimately a change in health insurance. Yet it is worth remembering that among advanced nations, the United States is a laggard in life expectancy and has one of the highest infant mortality rates. Men and women in the United States die younger than those in other rich countries for all sorts of causes. American teenagers have more babies. American men go to jail more often.

Better health insurance will not solve all of this, of course. But it will help some of it. As noted in a recent report by the National Academies of Sciences, Engineering and Medicine, Americans are more likely than those in other high-income countries

"to find their health care inaccessible or unaffordable and to report lapses in the quality and safety of care outside of hospitals."

If American history provides any sort of guidance, it is that continuing to shred the social safety net will definitely make things worse.

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