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# Health Chaos Ahead

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It was always going to be difficult to implement Obamacare, but even fervent supporters of the law admit that things are going worse than expected.

Implementation got off to a bad start because the Obama administration didn't want to release unpopular rules before the election. Regulators have been working hard but are clearly overwhelmed, trying to write rules that influence the entire health care sector — an economic unit roughly the size of France. Republicans in Congress have made things much more difficult by refusing to provide enough money for implementation.

By now, everybody involved seems to be in a state of anxiety. Insurance companies are trying to put out new products, but they don't know what federal parameters they have to meet. Small businesses are angry because the provisions that benefited them have been put on the back burner. Health care systems are highly frustrated. They can't plan without a road map. Senator Max Baucus, one of the authors of the law, says he sees a "huge train wreck" coming.

I've been talking with a bipartisan bunch of health care experts, trying to get a sense of exactly how bad things are. In my conversations with this extremely well-informed group of providers, academics and former government officials, I'd say there is a minority, including some supporters of the law, who think the whole situation is a complete disaster. They predict Obamacare will collapse and do serious damage to the underlying health system.

But the clear majority, including some of the law's opponents, believe that we're probably in for a few years of shambolic messiness, during which time everybody will scramble and adjust, and eventually we will settle down to a new normal.

What nobody can predict is how health care chaos will interact with the political system. There's a good chance that Republicans will be able to use unhappiness with what is already an unpopular law to win back the Senate in 2014. Controlling both houses of Congress, they will be in a good position to alter, though not repeal, the program.

The law's biggest defenders will then become insurance companies and health care corporations. Having spent billions of dollars adapting to the new system, they are not going to want to see it repealed or replaced.

The experts talk about the problems that lie ahead in cascades. First, there is what you might call the structural cascade. Everything is turning out to be more complicated than originally envisioned. The Supreme Court decision made the Medicaid piece more complicated. The decision by many states not to set up exchanges made the exchange piece more complicated. The lines of accountability between, for example, state and federally run exchanges have grown byzantine and unclear.

A law that was very confusing has become mind-boggling. That could lead people to freeze up. Insurance companies will hesitate before venturing into state exchanges, thereby limiting competition and choice. Americans are just going to be overwhelmed and befuddled. Many are just going to stay away, even if they are eligible for benefits.

Then there is the technical cascade. At some point, people are going to sit at computers and enroll. If the data process looks like some 1990s glitchmonster, if information doesn't flow freely, then the public opinion hit will be catastrophic.

Then there is the cost cascade. Nearly everybody not in the employ of the administration agrees this law does not solve the cost problem, and many of the recent regulatory decisions will send costs higher. A study in California found that premiums could increase by an average of 20 percent for people not covered by federal subsidies. A study by the Society of Actuaries found that by 2017 costs could rise by 32 percent for insurers covering people in the individual exchanges, and as high as 80 percent in states like Ohio.

Then there is the adverse selection cascade. Under the law, young healthy people subsidize poorer, sicker and older people. But the young may decide en masse that it is completely irrational for them to get health insurance that subsidizes others while they are healthy. They'll be better off paying the fines, if those are even enforced, and opting out. Without premiums from the young, everybody else's costs go up even higher.

Then there is the provider concentration cascade. The law further incentivizes a trend under way: the consolidation of hospitals, doctors' practices and other providers. That also boosts prices.

Over all, it seems likely that in some form or another Obamacare is here to stay. But the turmoil around it could dominate politics for another election cycle, and the changes after that — to finally control costs, to fix the mind-boggling complexities and the unintended consequences — will never end.

Regulatory regimes can be simple and dumb or complex and sprawling. When you build complex, it takes a while to work through the consequences.