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Obamacare's Bare County Problem Looks Mostly Solved, for Now

[Margot Sanger-Katz @sangerkatz](#) AUG. 15, 2017

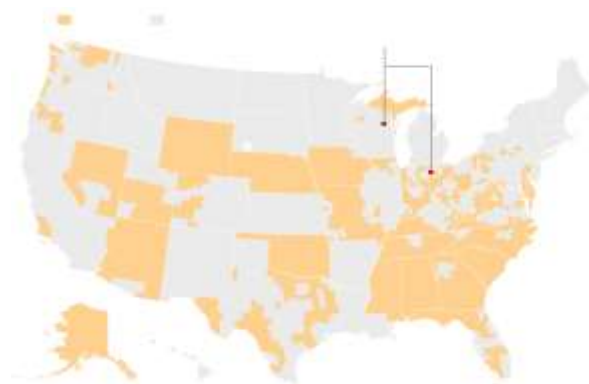
A few months ago, it looked as if large swaths of the country might end up without any insurers willing to sell Obamacare insurance in 2018. But in the last few weeks the “bare county” problem, which President Trump had cited as a sign the markets were failing, has nearly solved itself.

On Tuesday, Gov. Brian Sandoval of Nevada [announced](#) that Centene would offer insurance in 14 rural counties of Nevada that had been bare. That leaves only two counties in the country without insurers saying they will sell coverage; [fewer than 400 Obamacare customers](#) live in those counties.

The bare county problem had been a sort of unplanned policy hole in Obamacare, which depends on private companies to provide insurance to people who don't get coverage through a government program or work. The federal government provides subsidies on a sliding scale to help middle-income Americans pay their premiums, but it doesn't do anything to force insurers to offer coverage if they don't want to. For a while, it seemed there would be a smattering of [mostly rural places](#) in the country where no company saw a reason to participate in 2018.

Number of Insurers

Estimated number of insurance carriers in Obamacare marketplaces in each county next year.



By The New York Times | Source: Data from the Robert Wood Johnson Foundation as of Aug. 15, 2017.

Economists argued that the bare county problem didn't make much sense, [at least in theory](#). It's typically easy for a company to make money as a monopoly, especially if the government will pay most of the bills. But as some large insurers shifted away from the Obamacare markets, and others worried about policy uncertainty, vacancies started to mount.

Mr. Trump, who has been pointing to Obamacare’s weaknesses in attempts to marshal support for a health care overhaul, began seizing on the bare counties, frequently noting that Obamacare was set to “implode.” Republicans in Congress also often made note of the bare spots. The Centers for Medicare and Medicaid Services, the government agency that runs the marketplaces, has been periodically [updating a map](#) of insurer moves, marking potential bare counties in red.

But then, just as some insurers exited Obamacare markets, others began entering to fill the holes left behind. Centene, a company that has sold Medicaid managed care plans to states, [has been a big player in the reversal](#). It alone has filled more than half of all identified bare counties, part of a big bet on Obamacare. Kevin Counihan, who ran the federal marketplaces in the final years of the Obamacare administration, recently joined the company as an executive.



Gov. Brian Sandoval announced Tuesday that Centene would offer health plans in 14 counties that had no insurers. Mr. Sandoval, left, had encouraged Senator Dean Heller in June to vote against Obamacare repeal. Credit Erik Verduzco/Las Vegas Review-Journal, via Associated Press

Behind the scenes, state insurance commissioners have been twisting arms, trying to persuade reluctant insurers to cover the counties without an insurer. But some carriers also saw advantages in being the sole provider in a given place.

“There are a number of companies that are seeing a business opportunity,” said Katherine Hempstead, a senior adviser at the Robert Wood Johnson Foundation, who studies insurance markets.

Insurer participation for next year is not final, however. That means that insurers could still change their minds and leave. (Others could enter, though that is probably likely only in the two remaining bare spots.) Contracts will not be signed until the end of September.

President Trump has issued repeated [threats](#) not to pay a form of insurance subsidy that helps insurers offer lower co-payments and deductibles to low-income customers. If he withdrew those payments, more carriers might flee. How many is hard to predict. Several insurers have already built in risk charges in their rate proposals for next year. But the Congressional Budget Office, in [a report issued Tuesday](#), said it expected about 5 percent of the population to live in a bare county if the payments were withdrawn.