

REPEAL & REPLACE ACTIVITY REPORT **FOR THE WEEK OF FEBRUARY 10th, 2017**

ACA Repeal and Replace/Repair/Delay

Trump administration considering changes to ACA rules¹

POLITICO reports that it has obtained draft documents on ACA rule changes from the Trump administration. In these documents, the administration is considering a number of changes aimed at helping insurance companies in the ACA marketplaces, including:

1. Changing the age rating ratio to 3.49:1
2. Tightening special enrollment periods by requiring more documentation
3. Greater flexibility to sell cheaper plans that shift more costs to consumers in the marketplaces
4. Cutting the open enrollment period for 2018 coverage in half and having it end on December 15, 2017.
5. Loosening network adequacy rules.

GOP considering numerous replacement plans but still no consensus^{2,3}

Similar themes of advancing refundable tax credits and placing more responsibility on states are running through GOP replacement proposals. However, Republicans still haven't coalesced around one replacement plan, instead, alternatives are mushrooming. There's the plan from Sens. Cassidy and Susan Collins, which would give states the ability to craft their own health care plans, including keeping the ACA. There's Sen. Rand Paul's proposal, which mostly scraps the ACA with minimal replacement. The House Freedom Caucus wants to introduce its own bill similar to Paul's. And Rep. Darrell Issa, R-California, wants to just open up the federal employee health care plan to all Americans. Top House Republicans are preparing to introduce new legislation next week that would start the repeal-and-replace process. And once Rep. Tom Price is confirmed as secretary of HHS, President Trump may release his own proposal.

The emerging blue print from the four plans currently under consideration contains elements of health savings accounts, high-risk health insurance plans, tax credits instead of subsidies, and reforming Medicaid. Republicans are hoping to get the next key vote by March in an expedited repeal bill requiring 51 votes in senate to pass. Vice President Pence told House Republicans Tuesday in a closed-door meeting that the administration is committed to repeal and that the bill can include much more policy than Republicans first thought, according to attendees. The full timeline and content of a repeal-and-replace bill are still unclear due to

¹ <http://www.politico.com/tipsheets/politico-pulse/2017/02/trump-team-may-change-obamacare-to-help-insurers-218619>

² <http://www.politico.com/story/2017/02/obamacare-republicans-repeal-replace-234821>

³ <http://www.politico.com/story/2017/02/obamacare-repeal-replace-effort-begins-to-gel-234769>

uncertainty on whether a bill would get enough support to pass. Medicaid is one of the more complicated parts of the process because Republicans want to impose a per capita cap, which Democrats will certainly oppose.

Conservatives urge speedup of ACA repeal⁴

In an interview on Sunday, Feb. 5th, President Trump stated that a replacement plan might not be available until next year. Conservatives are urging the GOP to move more quickly with the ACA repeal. Sen. Mike Lee, R-Utah, one of the leading conservative voices in that chamber, said he would vigorously oppose efforts for Republicans to wait until they have a plan ready to replace the law before they repeal it. “There is a lot less agreement about what comes next,” he said. “If we load down the repeal bill with what comes next, it’s harder to get both of them passed.” After getting off to a quick start, GOP efforts to dismantle the health law appear to have slowed considerably. House and Senate committees have already missed a deadline of Jan. 27th to write and pass their proposed repeal and replace provisions, although Senate leaders acknowledged early this year that marker would likely not be met. At a party retreat last month, Republicans still seemed uncertain exactly how and when they would proceed.

ACA sign-ups slightly lower than expected in federal marketplace⁵

9.2 million Americans signed up for coverage through the federal marketplace for 2017, a slightly lower number than the 9.63 million who were signed up this time last year. Although state-run marketplaces have not all released their final numbers, early reports suggest that another 3 million people have enrolled in marketplace coverage. This is significantly below the 13.8 million estimate of enrollees that the Obama administration had predicted in October. Some blame the scaling back of publicity and advertising by the Trump administration in the last days of open enrollment for the lower numbers this year, citing the fact that enrollment was running ahead of 2016 at the beginning of January. However, some state-run marketplaces, such as California, also saw slips in their enrollment. Other possible causes of the lower enrollment numbers are uncertainty surrounding the future of the ACA and dissatisfaction with premium increases. Two-thirds of the 9.2 million enrollees are returning customers and one-third are new to the federal marketplace.

Study finds cost-sharing subsidies are significant part of ACA revenues for health plans⁶

A new study commissioned by the Association for Community Affiliated Plans found that cost-sharing subsidies made up 7.8 percent of plan revenues for consumers enrolled in marketplace plans in 2015. These subsidies made up an even larger share of revenues in states that did not expand Medicaid (more than 9.6 percent of revenues) and a smaller amount in states that did expand Medicaid (4.8 percent). For 2015, the amount of assistance for cost-sharing that was distributed was \$4.9 billion for 5.2 million enrollees, or around \$940 per person on average.

⁴ <http://khn.org/news/conservatives-urge-speed-up-of-health-law-repeal-dismiss-calls-for-caution/>

⁵ <https://www.nytimes.com/2017/02/03/us/politics/affordable-care-act-obama-care-sign-up.html>

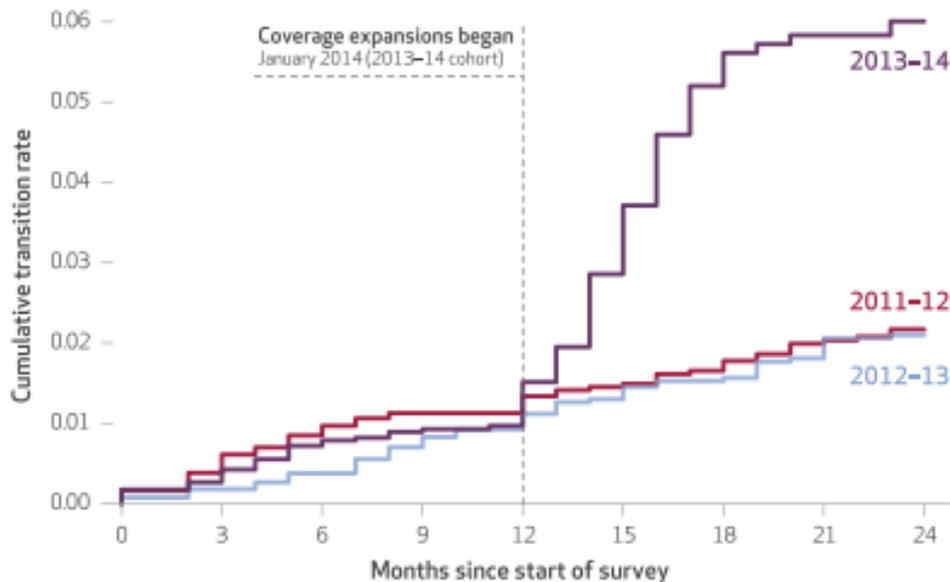
⁶ <http://www.politico.com/tipsheets/politico-pulse/2017/02/trump-team-may-change-obamacare-to-help-insurers-218619>

Health Affairs: Studies look at possible changes to ACA marketplaces^{7,8}

Researchers from Vanderbilt reported analysis from 2011-14 MEPS data, showing the drastic increase in transition rates from being uninsured to having nongroup coverage after the implementation of the Affordable Care Act's insurance provisions.

EXHIBIT 1

Transition rates from uninsured to nongroup coverage among US adults, by Medical Expenditure Panel Survey (MEPS) panel year, 2011-14



SOURCE Authors' analysis of 2011-14 MEPS data. **NOTES** Plot shows cumulative transition hazard rates for each MEPS panel. Higher numbers indicate that transitions occurred more frequently. N = 11,046 uninsured adults.

The researchers also pointed out that young adults, who are often the healthier customers that insurance companies would most like to see join their health plan, are more likely than older adults to need special enrollment periods to gain marketplace coverage in between jobs. This contradicts the requests from insurance companies to tighten special enrollment periods.

Another article in the February issue of *Health Affairs* focused on nudges that could be implemented in the ACA marketplaces in order to encourage marketplace customers to shop and potentially change plans during the open enrollment period. The researchers sent individuals with marketplace coverage letters and emails about the savings that they could receive if they changed plans. The marketplace studied received a 23 percent increase in website visits. However, there does not seem to be much difference in the number of consumers who switched plans.

⁷ <http://content.healthaffairs.org/content/36/2/297.full.pdf+html>

⁸ <http://content.healthaffairs.org/content/36/2/311.full.pdf+html>

Medicaid

ACA helped the homeless, who now worry about coverage repeal⁹

Under the ACA, the homeless population received health coverage for the first time. Since the ACA, 31 States and DC expanded Medicaid to cover low-income childless adults, which has increased the percentage of covered homeless under Medicaid and Medicare significantly nationwide. This increase in coverage can have profound upstream impacts in the form of reducing ER visit payments and addressing root causes of health challenges that force people onto the street. However, the uncertainty looming over the future of the ACA has raised a cause for concern. With Medicaid Block grants being a likely implementation, states will need to decide who should continue to be covered. The president has said no one will lose coverage – but what kind of coverage does that imply?

Commonwealth Fund blog post: Medicaid expert details costs for states if ACA expansion is repealed¹⁰

Under a full repeal of funding for the Medicaid expansion, an estimated 11 million Medicaid beneficiaries (as of 2015) stand to lose coverage. Federal spending on the program would drop by \$99 billion between 2019 to 2029, with California standing to lose more than 27 percent of this funding. Additionally, under a [1970 Supreme Court decision](#), when making significant changes to public entitlement benefits that causes a “brutal need” for help, the government is required to provide timely notice that the changes are about to happen, an explanation of why the changes are necessary, and information about individuals’ rights to contest the change. This requirement will fall on states, who will need to quickly complete the eligibility determinations and send individual notices if eligibility changes for Medicaid are made. Furthermore, prior to termination of coverage, beneficiaries may be entitled to individual hearings.

Other news

Price confirmed as HHS Secretary in Senate vote¹¹

In an early vote Friday (2/10) morning, the Senate confirmed long-time Georgia Representative and physician Tom Price as the 23rd secretary of the Department of Health and Human Services. The vote fell along party lines, 52-47. Price, an orthopedic surgeon by trade, has been a loud voice in the calls for repealing and replacing the ACA. Representative Price sponsored and submitted a bill known as the Empowering Patients First Act of 2015 (H.R. 2300), which was aimed at repealing the ACA and was introduced into the House of Representatives in late 2015. Dr. Price has recently been charged by Democratic legislators and the general public for participating in unsavory trading practices. With Secretary Price at the helm of the HHS, it is speculated that his bill will take the lead among the main proposals for repealing the ACA.

⁹ <http://www.npr.org/sections/health-shots/2017/02/07/513255784/obamacare-helped-the-homeless-who-now-worry-about-coverage-repeal>

¹⁰ <http://www.commonwealthfund.org/publications/blog/2017/feb/states-roll-back-aca-medicaid-expansion>

¹¹ <https://www.nytimes.com/2017/02/10/us/politics/tom-price-health-and-human-services.html>