

## **REPEAL & REPLACE ACTIVITY REPORT** **FOR THE WEEK OF MARCH 3<sup>rd</sup>, 2017**

### **ACA Repeal and Replace/Repair/Delay**

#### **Some details from House GOP ACA replacement bill leaked**<sup>1</sup>

After a previously leaked draft of the House GOP ACA repeal and replacement bill was heavily criticized by liberals and conservatives, Republican Representatives have been much more secretive about the forthcoming legislation. However, some information about the latest draft, dated February 24<sup>th</sup>, has come out. The newer draft still includes tax credits based on age for people in the individual market, but higher income individuals would not qualify for the assistance. These tax credits would range from \$2,000 to \$4,000 depend on the beneficiary's age. Individuals who are employed but are not offered coverage through their employer would have to show that they do not have access to coverage before qualifying for the tax credit. The draft also includes a plan to phase out the ACA's Medicaid expansion and replace the federal funding mechanism for the program with per capita enrollment caps. The updated draft no longer allows plans that existed prior to the ACA's full implementation in 2013 that didn't meet the coverage requirements of the law, so-called "grandmothered" plans, to remain in the market indefinitely and it has changed the plans for the state innovation grants. In the latest draft, a default "reinsurance fund" would be established for states that do not use the innovation grants, providing insurers access to reimbursement for customers with medical claims between \$50,000 and \$350,000 in a year. The proposal still includes plans to eliminate the ACA's taxes and instead generate revenue by taxing employer-sponsored insurance plans above the 90<sup>th</sup> percentile of current premiums, a move similar to the ACA's Cadillac tax. Currently, no markups for the bill have been scheduled in the House Energy & Commerce and Ways & Means Committees, but Speaker Paul Ryan has expressed confidence that the ACA repeal and replacement would pass in March<sup>2</sup>.

#### **In joint address to Congress, Trump outlined five key components of health reform**<sup>3</sup>

On Tuesday (Feb. 28<sup>th</sup>), in a joint address to Congress, President Trump outlined his five key principles of health reform for any ACA replacement. The five components were:

1. New tax credits to help individuals purchase coverage
2. Expanded use of Health Savings Accounts (HSAs)
3. State flexibility for Medicaid programs
4. Allowing insurers to sell policies across state lines

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<sup>1</sup> <http://webcache.googleusercontent.com/search?q=cache:http://www.politico.com/story/2017/03/house-obamacare-repeal-bill-what-does-it-say-235648>

<sup>2</sup> <http://www.politico.com/story/2017/03/house-leaders-obamacare-repeal-pass-month-235623>

<sup>3</sup> <http://www.politico.com/tipsheets/politico-pulse/2017/03/what-donald-trump-said-about-the-aca-last-night-218982>

5. Keeping the ACA provisions the prohibit insurers from discriminating against individuals with pre-existing conditions

### **Controversy surrounds House GOP's ACA replacement bill process**<sup>4,5,6</sup>

Following information about a hidden House Energy and Commerce Committee's ACA replacement bill, Democratic Representatives, reporters, and Republican Senators searched rooms throughout Capitol Hill. Libertarian senator Rand Paul (R-KY) requested a copy of the republican ACA replacement plan that was supposedly was locked in a secured room, but upon arrival to the room, H-157, he was greeted by capital police and was initially barred entry from the room. Upon his eventual entry, the bill was nowhere to be found, leading some to assert that there is yet to be a draft of the bill despite claims to the counter. Paul was quoted stating "If you recall where Obamacare was passed in 2009, 2010, Nancy Pelosi said we'll know what's in it after we pass it. The Republican Party shouldn't act in the same way," as he continued to assert that the new health care law should be developed within view of the public and should not be held as a "national secret." The situation has been touted as a 'stunt' on Sen. Paul's part by Republican leadership, who have also complained about the media coverage, stating that there is nothing going on that is outside of the norms of the policy development process. Sen. Paul was the only acting republican senator to not have voted for the budget reconciliation passed in January and his defiance yesterday shows his continues to be critical of the leadership in the processes of developing a promised early spring vote in the ACA's replace process. This late-March promise made by Speaker Paul Ryan has the repeal bill moving so quickly that the CBO may not be able to score it before the Energy and Commerce Committee's vote, according to Rep. Chris Collins (R-N.Y.), but staffers involved in the development of the HEC bill assure that they are in the process of working with the CBO in the development of the bill.

### **KFF: Less financial support for low-income persons under GOP ACA replacement plans**<sup>7,8</sup>

On Wednesday, March 1<sup>st</sup>, the Kaiser Family Foundation released an analysis showing that the HealthCare.gov insurance marketplace's average premium subsidy would shrink by at least 36 percent in 2020 under GOP proposals being considered. As the leaked House GOP and Price plan base tax credits on age rather than income level, younger high-income earners would receive more support than they currently do under the ACA. That difference between the GOP plans and the ACA means that low-income people would get less help under the replacement plans. For current marketplace enrollees, the House Discussion Draft and Price bill would provide substantially lower tax credits overall than the ACA," the analysis states. "People who are lower income, older, or live in high premium areas would be particularly disadvantaged under the House Discussion Draft and Price bill relative to the ACA." A 60-year-old making \$40,000 a year would get a \$6,752 tax credit under the ACA, compared to \$4,000 under the GOP draft. In contrast, a younger person, at age 40, making the same amount would get more help under the

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<sup>4</sup> <http://www.vox.com/2017/3/2/14792196/gop-obamacare-bill-search>

<sup>5</sup> <http://thehill.com/policy/healthcare/322108-gop-takes-heat-for-obamacare-secrecy>

<sup>6</sup> <http://www.politico.com/story/2017/03/rand-paul-blocked-gop-obamacare-bill-235613>

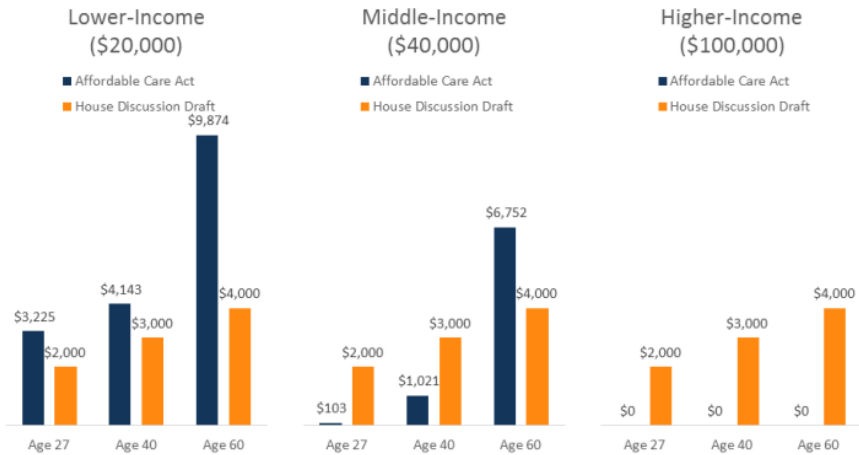
<sup>7</sup> <http://thehill.com/policy/healthcare/321770-study-gop-plans-give-less-low-income-help-than-obamacare>

<sup>8</sup> <http://kff.org/health-reform/issue-brief/how-affordable-care-act-repeal-and-replace-plans-might-shift-health-insurance-tax-credits/>

GOP plan: \$3,000 compared to \$1,021 under the ACA. Republicans argue that basing tax credits on income provides a disincentive to work. Importantly, GOP tax credits would grow more slowly than the ACA. The details of their final plan are also not yet clear, given that they are still working on it, though the draft gives a general idea of their approach.

Figure 1

**How House Republicans' health reform plan might shift average health insurance tax credits, based on income and age, in 2020**



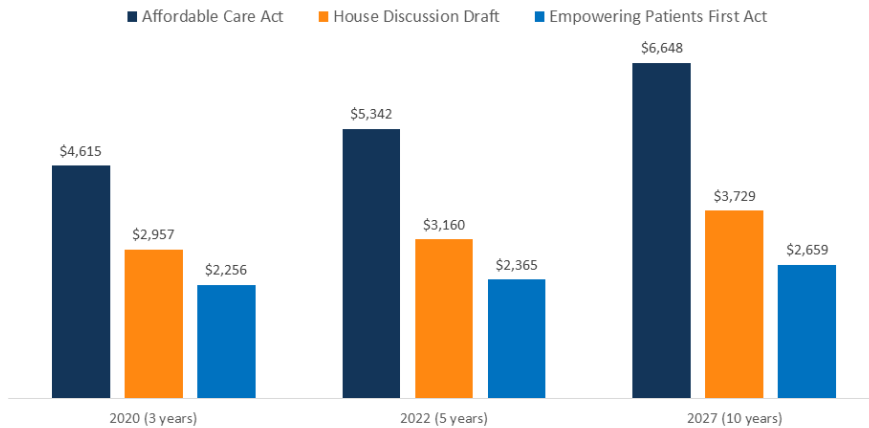
Source: Kaiser Family Foundation analysis. Note: Data for Affordable Care Act represent the average tax credit available across all counties in the United States, at a given age.



Figure 3

**Over time, the average tax credit received under Republican replacement plans would grow slower than under the ACA**

Average Annual Premium Tax Credit for Current Marketplace Enrollees



Source: Kaiser Family Foundation analysis of data from Healthcare.gov, state-based exchanges, and Congressional Budget Office. Note: Amounts above represent the average tax credit received based on the age distribution of current Marketplace enrollees.



## **Report from House Energy & Commerce Democrats shows major gains from ACA in Republican districts**<sup>9</sup>

A report from Democrats on the House Energy & Commerce Committee looked at the ACA's coverage expansion and consumer protections by congressional district. The districts for several Republican leaders have greatly benefited from the ACA, including Speaker Paul Ryan's district where the uninsured rate fell by 45% (from 9.3% to 5.1%), and House Majority Leader Kevin McCarthy's district where the uninsured rate fell 62% (from 15.7% to 5.9%). Representatives from Florida have districts with the most marketplace customers, including Rep. Ros-Lehtinen's district with 96,300 enrollees and Rep. Caurbelo's district with 92,500 enrollees.

## **Molina backs ACA 'tune-up'**<sup>10</sup>

Many large insurers are backing out of the marketplace, Humana the most recent, due to financial loss. But Molina has managed to turn a profit or break even from their plans on the exchange. Mario Molina, CEO of Molina Healthcare, says that Molina understands the demographics of new ACA enrollees, who are predominately low-income, better than most. Molina has been successful under the law due in part to their use of narrow networks. Some larger insurers are accustomed to creating health plans for big companies, who often want more doctors and more benefits included, in hopes of attracting and retaining top employees. But plans like that cost more. "It's easier to work up from a low-cost position than it is to work down from a higher-cost position," said [Josh Weisbrod](#), a health care consultant with Bain & Company. "For an insurer that is used to selling employer plans with rich benefit designs and broad networks, it is difficult for them to transition that to a narrow network of lower-cost providers." Molina does have one criticism of the law- that Congress got the risk transfer formula wrong. "Let's put it this way," he said. "Currently Molina Healthcare is returning 25 percent of our premiums to the government, which are then distributed to our competitors. So we are really subsidizing our competitors and helping them, rather than forcing them to compete." And that is one of the things that hit Molina's bottom line in 2016, resulting in much lower profits than originally projected for the year and a significant fourth quarter loss. Molina complained that the risk formula seems to punish efficiency rather than help those who had some bad luck. Molina is in favor of the ACA and hopes that Congress will consult him about a 'tune-up' rather scrapping the law entirely. Molina says that the reason the ACA is working successfully in California is due to regulations that allow for an even playing field to drive competition and more predictability.

## **Medicaid**

### **Commonwealth Fund: Unpacking the House Republican policy brief: Would Medicaid's role as public insurance end?**<sup>11</sup>

The ACA Repeal and Replace policy brief released by Republican House leaders gives a glimpse into what replacing the ACA could look like. The House plan outlines two options. In one, states could elect to "keep their Medicaid program open to new enrollees" and receive federal funding

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<sup>9</sup> <https://www.scribd.com/document/340677575/Impact-of-ACA-repeal-by-congressional-district>

<sup>10</sup> <http://khn.org/news/faring-better-than-many-aca-insurers-molina-backs-health-law-tuneup/>

<sup>11</sup> <http://www.commonwealthfund.org/publications/blog/2017/feb/house-republican-policy-brief-medicaid-role>

at the traditional matching rate, which ranges from 50 percent to 75 percent of state spending, rather than the ACA's enhanced rate. In this option states would receive fixed per capita funding allotments subject to a growth factor linked to general inflation rather than the higher growth rate for health care. The second option would allow states to receive a "Medicaid block grant" or "global waiver" (an undefined term). As with past Medicaid block grant proposals, this option likely would eliminate virtually all current Medicaid requirements that reflect its status as insurance. The proposal's only obligation is that states taking this option would have to "provide required services to the most vulnerable elderly and disabled individuals who are mandatory populations under current law," though required service is not defined.

**Study: Newly insured individuals able to get timely appointments for primary care**<sup>12</sup>

A new study released online Friday in *JAMA Internal Medicine*, gathered data on patients' ability to get timely appointments for primary care visits by calling physician practices in 10 states (AR, GA, IL, IA, MA, MT, NJ, OR, PA, and TX) and requesting new-patient appointments for high blood pressure. The callers reported being either newly covered by Medicaid or private coverage. Between 2012 and 2016, appointment availability improved for Medicaid callers by 54 percentage points and stayed relatively stable for privately insured callers. Medicaid callers had a slightly a harder time getting an appointment than privately insured callers, but both groups of callers found it more challenging to get an appointment within a week in 2016 than in previous years.

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<sup>12</sup> <http://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2605525>