

REPEAL & REPLACE ACTIVITY REPORT **FOR THE WEEKS PRIOR TO MAY 23rd, 2017**

ACA Repeal and Replace

AHCA moves to the Senate^{1,2,3,4}

After narrowly passing the House in a 217 to 213 vote, the American Health Care Act (AHCA) has moved on to the Senate. The bill finally gained enough support in the House following the addition of an amendment backed by Representative Fred Upton. This amendment added \$8 billion to the bill to support people with pre-existing conditions who see their premiums increase if their state decides to waive the ACA protections against risk rating, an option available to them under the AHCA. The bill was passed without a score from the Congressional Budget Office (CBO), and the organization has still not released its analysis (although it is expected to be released on the 24th).⁵ While the House was able to move on the bill without word from the CBO, the Senate Parliamentarian cannot review the legislation and set up debate on the bill without the CBO report. There is also still potential for the Senate Parliamentarian to rule that the AHCA does not qualify for budget reconciliation under the Byrd rule because it includes provisions that don't change spending or revenue levels.⁶ The CBO report could also score the bill as too expensive – the bill would need to save \$2 billion in order to comply with Senate rules.

Senate Republicans, however, have moved forward with reviewing and rewriting the AHCA. A 13-member group (of all male Senators) has been tasked to lead the rewrite, which most expect will be substantial. More Republicans in the Senate than in the House are opposed to the bill's drastic cuts to Medicaid, some oppose the cuts to Planned Parenthood funding currently contained in the law, and many have voiced concerns over the potential consequences for people with pre-existing conditions and high health care costs. Any rewrite of the bill, however, must achieve the same savings put forth by the version passed by the House in order to meet the standard of reconciliation.

Because the bill is being passed through budget reconciliation, instead of a two-thirds majority it will need support from 50 Senators in order to pass the Senate. The GOP has the majority in the Senate with 52 members, but this means that only 2 Republican Senators could oppose the

¹ <http://www.politico.com/story/2017/05/04/obamacare-repeal-house-vote-decision-237972>

² <http://www.politico.com/tipsheets/politico-pulse/2017/05/repeal-vote-is-imminent-and-gop-is-confident-it-will-pass-220132>

³ <http://www.politico.com/tipsheets/politico-pulse/2017/05/whats-likely-to-happen-to-the-health-bill-in-the-senate-220158>

⁴ <https://www.vox.com/policy-and-politics/2017/5/4/15542792/senate-republicans-health-care-bill>

⁵ <https://www.cbo.gov/publication/52715>

⁶ <https://www.vox.com/policy-and-politics/2017/5/22/15629974/senate-byrd-rule-obamacare-repeal>

bill without blocking its path forward. Compared to the House, many fewer Senators are up for reelection soon, with only two Republican Senators in vulnerable areas (Sen. Jeff Flake of Arizona and Sen. Dean Heller of Nevada) seeking reelection in 2018. This puts members in a less politically dangerous position, potentially reducing the leverage the White House may have on them when trying to get the bill passed.

Some key Republican Senators to watch as the AHCA moves forward include Sen. Collins (opposes cutting Planned Parenthood funding and has put forward her own plan for health reform, along with Sen. Cassidy), Sen. Portman (led an effort in March to criticize the House bill for Medicaid cuts and is currently working on idea to phase out Medicaid expansion cuts slower than the House intended⁷), Sens. Murkowski, Moore, Gardner (who all signed Sen. Portman's critical letter), Sen. Heller (said he would not support the bill with its current Medicaid cuts and consequences for people with pre-existing conditions), and Sen. Paul (who has been vocal about his criticisms of the bill). There have also been some bipartisan talks about reform among those not included in the GOP's group of 13, including a meeting of 11 Senators that was organized by GOP Sens. Susan Collins and Bill Cassidy. The Senate is currently expected to vote on their revised version of the AHCA by August.

Senate group on health care reform considering automatic enrollment^{8,9}

A policy that has support from both Democrats and Republicans is being considered for inclusion in the Senate's new version of the AHCA. This policy, known as automatic enrollment, would automatically place uninsured individuals into plans with premiums that are equal to the amount of tax credit for which they are eligible. People could then opt-out of this plan, but research suggests that the majority of people would not drop coverage. The idea of automatic enrollment has been around for years, but has not been used previously in part because of the logistical challenges it faces. Two of these challenges include 1) identifying the uninsured and 2) picking the health plans that the uninsured would be enrolled in.

Republicans support the policy because it would increase the number of insured individuals without mandating that individuals get covered. Some states already use automatic enrollment in their Medicaid program. While Democrats tend to support the idea, they are worried about how it would be implemented. In order for the plans to have premiums that match individuals' tax credit they would likely include high deductibles and other cost sharing. The question remains, therefore, how protective these plans would actually be. The CBO has said that it would not count skimpy plans as coverage in its estimates, suggesting that the inclusion of this policy may not have a large effect on their estimates of the impact of the AHCA on the uninsured number.

⁷ <http://www.politico.com/tipsheets/politico-pulse/2017/05/19/why-obamacare-repeal-faces-possible-revote-in-the-house-220404>

⁸ <https://www.vox.com/policy-and-politics/2017/5/22/15655782/automatic-enrollment-health-insurance-gop>

⁹ <https://amp.cnn.com/cnn/2017/05/15/politics/congress-health-care-senate/index.html>

White House requests delay in decision over paying for ACA's cost-sharing reductions¹⁰

On May 22nd, the Trump administration and the House of Representatives asked for another 90-day delay in the lawsuit challenging the ACA's cost-sharing reductions (formerly known as *House v. Burwell*, but now as *House v. Price*). While the subsidies have been paid for May, it is unclear if the Trump administration will continue with these payments moving forward as they have refused to say what they will do in the future and President Trump has expressed a desire to end the payments. This puts insurers at risk of having to pay for the cost of the reductions themselves, which could lead to increases in premiums in plans in the individual marketplaces. The uncertainty surrounding the cost-sharing reductions threatens the stability of the marketplaces. In order for the court case to move forward, the Trump administration must decide to appeal the current ruling. If it does not do this, then the cost-sharing reductions will cease and could lead to a massive upheaval in the individual market. Even the uncertainty surrounding the cost-sharing reduction payments is likely to cause premiums to spike in 2018. Some analysts have suggested that ending the payments would cost the federal government money, potentially as much as \$2.3 billion, due to the increases in premium subsidies needed to offset the rise in premiums in the individual market that would accompany the end of the cost-sharing reduction payments.¹¹

Study: Increased Insurance Coverage Didn't Reduce Access to Care^{12,13}

A new study in *Health Affairs* using 2008-14 MEPS data found no evidence that increasing insurance coverage reduced access to care for those who were already (and continued to be) insured. This included among Medicaid beneficiaries and among those who live in areas with health care professional shortages.

Insurer steps in to cover Knoxville area in Tennessee health insurance marketplace^{14,15}

After Humana announced that it would not offer coverage in the Knoxville area for 2018, there was a period of time when it looked like enrollees in that region would have access to zero plans. However, Blue Cross Blue Shield of Tennessee has since announced that it will sell coverage in the Knoxville area, allowing enrollees to use their government subsidies to purchase coverage. Blue Cross' financial situation in the Tennessee marketplace improved enough in 2017 to make it viable and attractive for the company to serve the Knoxville region in 2018. Without much competition and with extreme uncertainty surrounding the ACA, the premiums for coverage in that area are likely to be high, but this will not be passed on to the

¹⁰ <http://www.politico.com/story/2017/05/22/white-house-to-seek-90-day-delay-in-obamacare-subsidy-suit-238674>

¹¹ <http://kff.org/health-reform/issue-brief/the-effects-of-ending-the-affordable-care-acts-cost-sharing-reduction-payments/>

¹² <https://morningconsult.com/2017/05/01/study-increased-insurance-coverage-didnt-reduce-access-to-care>

¹³ <http://content.healthaffairs.org/content/36/5/791.abstract>

¹⁴ <https://www.vox.com/2017/5/9/15594078/tennessee-marketplace-bcbs-obamacare>

¹⁵ https://www.washingtonpost.com/national/health-science/early-proposed-rates-for-aca-health-plans-hint-at-a-jump-in-premiums-for-2018/2017/05/09/22b8eca4-34d0-11e7-b373-418f6849a004_story.html?utm_term=.9b14d3afe4f4

majority of customers who are eligible for significant financial support from the federal government under the ACA to help pay for their coverage.

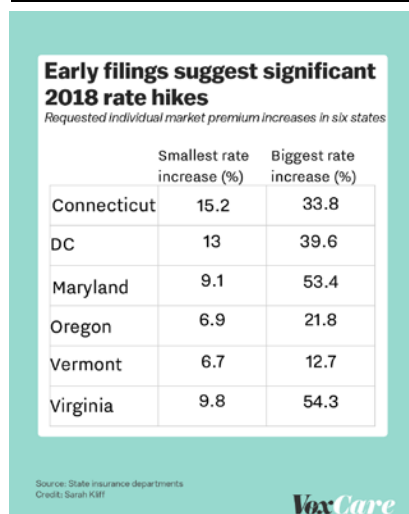
Iowa health insurance marketplace has only one insurer in most counties¹⁶

For 2018, only one insurer, Medica, is still planning on selling coverage on the state's individual marketplace in 94 of Iowa's 99 counties. There is still a chance that Medica will also leave the marketplace, as they have indicated wariness due to the uncertainty surrounding the ACA's marketplaces under President Trump. Should Molina decide to leave the marketplace, the vast majority of Iowa's counties would not have an insurance company selling a plan through the individual marketplace and thus residents would be ineligible to use federal subsidies to help them pay for coverage. While Iowa is not the only state that is facing the issue of low competition and the potential for zero plans in certain areas, it is particular in that there is one very expensive patient who has \$1 million in monthly medical claims. This single individual is the cause that insurers are pointing to for increases in premiums and an inability to make a profit from the state's marketplace.

Nevada health insurance marketplace becoming more competitive¹⁷

As many states face a shrinking number of insurers selling coverage through their health insurance marketplace, Nevada has seen the opposite. In 2018, two new health plans are set to join the marketplace, giving consumers a choice between five insurers. The increase in the number of offerings in the state can largely be attributed to the state's decision to prioritize insurers who sell plans through the state's marketplace when selecting which insurers would manage the state's Medicaid program. The Medicaid contracts are financially lucrative enough to insurers to incentivize some to begin selling plans through the marketplace.

2018 individual market premium rate increases expected to be high^{18,19}



Some health plans have released their premium rate increases for 2018 and the early data shows that there have been high requests, including a 33.8 percent increase from Anthem in Connecticut, a 53.4 percent increase from BlueChoice in Maryland, and an expected 30.6 percent increase in Virginia. While these numbers are the requests from the insurance companies and not the final rates, which will likely be smaller, they are still very high and indicative of a desire to increase rates. The uncertainty surrounding the ACA and the cost-sharing reductions may also lead state regulators to allow insurers to file amendments to their rates later than usual, although this would then reduce the amount of time that regulators would have to review the proposed increases.

¹⁶ <https://www.vox.com/2017/5/15/15630398/obamacare-interactive-centene-molina>

¹⁷ <https://www.vox.com/policy-and-politics/2017/5/10/15615172/voxcare-how-nevada-fixed-obamacare>

¹⁸ <https://www.vox.com/2017/5/8/15563448/trump-insurance-premiums-2018>

¹⁹ <http://www.commonwealthfund.org/publications/blog/2017/may/running-down-the-clock>

Medicaid

President Trump's budget cuts health care deeply^{20,21}

President Trump unveiled his 2018 budget proposal, which assumes passage of the AHCA and includes a \$12.4 billion cut to HHS' discretionary funding. This cut includes slashing the Medicaid budget by \$610 billion over the next decade (on top of the cuts to the program included in the AHCA), reducing the NIH budget by \$6 billion next year, and cutting the CDC budget by \$1.3 billion next year. The proposal also targets substance abuse and mental health services for cuts and keeps funding for initiatives aimed at fighting the opioid epidemic steady. The proposal also prohibits funding Planned Parenthood.

Other news

California Senate Appropriations Committee releases single-payer cost estimate^{22,23}

The California legislature has been considering a bill, SB 562, to turn the state into a single-payer health care system. The Senate Appropriations Committee released a long anticipated cost analysis for the bill this week. The analysis estimates that the policy change would cost \$400 billion a year. \$200 billion of current local, state, and federal funding for health care would be put towards this cost, leaving another \$200 billion to cover. The analysis suggests that employers who currently spend between \$100 billion and \$150 billion a year could put that money towards the single-payer system. This would still leave between \$50 and \$100 billion to be paid for in other ways. Another option, according to the analysis, would be a 15 percent payroll tax on employers, which would cover the costs of the program. The legislation does not yet include how to finance the single-payer system. In order to advance, SB 562 has to get approval on the Senate floor by June 2nd. It faces opposition from insurers and Kaiser Permanente who argue that the focus should be on improving the ACA instead. The California Chamber of Commerce has also come out in opposition to the bill. Provider groups, however, have supported the legislation, as have patient advocates. Support for a single-payer system has increased nationally alongside Republican efforts to repeal and replace the ACA.

²⁰ <https://s.washingtonpost.com/camp-rw/?e=cGV0cmFzbXVzc2VuQGdtYWIsLmNvbQ%3D%3D&s=592427267188507ce4e8fd11>

²¹ <http://www.politico.com/tipsheets/politico-pulse/2017/05/23/its-budget-day-whats-in-trumps-proposals-for-health-care-220455>

²² <http://www.sacbee.com/news/politics-government/capitol-alert/article151960182.html>

²³ https://www.vox.com/policy-and-politics/2017/5/22/15676782/california-single-payer-health-care-estimate?wpisrc=nl_health202&wpmm=1