Replacing the ACA—An Update from Washington, DC

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From Obamacare . . .

THE LONG ROAD TO HEALTHCARE REFORM

COME ON! LET'S MOVE! HURRY UP!!

PUTT PUTT PUTT

500 MILES LEFT

OBAMACARE

EDWIN OUELLETTE © 09
... To Trumpcare

“Nobody knew health care could be so complicated.”
Affordable Care Act Once Heralded
Affordable Care Act Principally Reforms the Health Insurance Market

- Health Care Reform Morphed to Health Insurance Reform
- Key Policy Objective to Expand Access to Quality Health Care Coverage, at an Affordable Price
- End Game – To Create Paradigm Shift
  - Go beyond HIPAA guaranteed renewability provisions that were consolation prize after failed Clinton’s health reform initiative
  - Private health insurers and employers would no longer be able to selectively choose, and accommodate for, insurance risk by:
    - Increasing premiums
    - Excluding pre-existing conditions
    - Denying coverage
  - With “all in” approach to coverage, health insurers would manage all insurance risk, and eventually help slow premium growth
Overview of ACA

- **Popular Health Insurance Market Reforms**
  - Guaranteed availability and renewability of insurance coverage
  - No pre-existing condition exclusions
  - No annual or lifetime limits to coverage
  - Children covered until they reach age 26
  - No eligibility rules based on health status related factors
  - Insurance rating rules that constrain premium variation
  - Coverage of preventative services without enrollee cost-sharing
  - For gate-keeper plans, more flexibility to select primary care provider
Overview of ACA

Qualified Health Plans (QHPs)

- Standard plan designs for Exchange and outside Exchange marketplace in individual and small group market
- Plan/policy must cover “Essential Benefits Package,” with no annual or lifetime limits
  - 10 categories: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services for persons under 19, including dental and vision care
- Offered in standard packages with pre-defined actuarial values: Bronze (60% actuarial value); Silver (70% AV); Gold (80% AV); Platinum (90% AV); and catastrophic coverage for adults 30 & under
- Community-rated – plans/policies priced based on rates that can vary only by age (3:1), tobacco use (1:5:1), family size and geographic area
Overview of ACA

**Health Insurance Exchanges**

- Marketplace to facilitate apples-to-apples comparison of QHP options
- Ease of eligibility determination and enrollment through 1 application
- Portable coverage (not dependent on job or employment status)
- Individuals purchasing coverage through Exchange **only** way to access federal subsidies

  - Individuals and families with incomes between 133% - 400% of FPL are eligible for federal subsidies
    - 133% - 400% of FPL – All eligible for advanced premium tax credits
      - Means, individuals with incomes between $11,770 - $47,080; and family of 4 with household income between $24,250 - $97,000
    - 133% - 250% of FPL – Only those purchasing Silver plans eligible for cost-sharing reductions
      - Means individuals with incomes up to $29,425; and family of 4 with household income up to $60,625
Overview of ACA

- **Health Insurance Exchanges (cont’d)**
  - The U.S. Supreme Court in *King v Burwell* upheld the availability of federal subsidies for coverage purchased on both *federal* and state run exchanges
  - SHOP for employers desirous of purchasing coverage through Exchanges
    - ACA allows employers with up to 100 FTEs to participate on Exchange
    - States could limit employer size to 50 FTEs from 2014 to 2015
    - States can allow large employers in Exchange starting in 2017
Overview of ACA

Ensuring Consumer Value Through Price/Profit Regulation

Medical Loss Ratio (MLR)

- Amounts paid to providers, plus costs from quality improvement activities, as percentage of premium dollar
  - Large group market – MLR = 85%
  - Small group market – MLR = 80%
  - Individual market – MLR = 80%

- Applies to new and grandfathered plans/policies

Regulation of unreasonable rate increases

- Gov’t review to justify a health insurer’s rate increases
- Threshold for review is 10% annual rate increase
- Applies to new, non-grandfathered plans/policies issued in the individual and small group markets
Overview of ACA

Medicaid Expansion

- Pre-ACA Medicaid eligibility rules
  - Pregnant women
  - Children
  - Needy families
  - Blind, elderly and disabled

- Expansion of Medicaid eligibility under ACA
  - All individuals and families with incomes up to 138% of FPL (133%+5% disregarded)
    - Includes non-pregnant females and childless adults
    - Eliminates assets and resources tests
    - In real terms, this includes individuals with incomes up to $16,246; and $33,465 household income for family of 4
Overview of ACA

- Medicaid Expansion (cont’d)
  - FMAP (i.e., federal share) for Medicaid expansion individuals
    - CY 2014 thru 2016 – Federal gov’t pays 100% of Medicaid expenses
    - CY 2017 – Federal gov’t pays 95% of Medicaid expenses
    - CY 2018 – Federal gov’t pays 94% of Medicaid expenses
    - CY 2019 – Federal gov’t pays 93% of Medicaid expenses
    - CY 2020 and beyond – Federal gov’t pays 90% of Medicaid expenses
  - The U.S. Supreme Court in *National Federation of Independent Business v. Sebelius* upheld the individual mandate as a “tax” but agreed that ACA could not compel states to expand Medicaid
    - Therefore, under ACA, a state may elect to expand Medicaid and receive the federal government’s greater financial support, but cannot be compelled to do so
  - 31 States plus DC have adopted some form of Medicaid expansion
How is ACA Paid For?

- Cuts in Government Payments
  - Cuts to Medicare fee for service providers
  - Restructuring payments for Medicare Advantage plans
  - Reductions to hospitals’ disproportionate share payments
How is ACA Paid For?

- **New Taxes and Other Revenue Raisers**
  - *Industry fees* – fee payable by insurers, hospitals and medical device manufacturers as well as on indoor tanning services
  - *Employer mandate* – penalties payable by large employers (50+ FTEs) that don’t offer adequate health coverage to their FTEs
  - *Cadillac tax* – payable on excess cost of high value health benefit plans
  - *Individual mandate* – penalties payable by individuals who fail to maintain coverage
  - *Federal income taxes payable by the well-to-do*
    - .9% Medicare Part A tax on income in excess of $200K for individuals; $250K for joint filers
    - 3.5% Medicare tax on net investment income over $200K for individuals; $250K for joint filers.
How is ACA Paid For?

- New Taxes and Other Revenue Raisers
ACA In Trouble No Matter Who Won Presidential Election
Election of Donald Trump Ensures (Almost) ACA Will Be Repealed

‘On day one of the Trump Administration, we will ask Congress to immediately deliver a full repeal of Obamacare.’

– Healthcare Reform page, donaldjtrump.com
Choreographing Dance of Repeal & Replacement Might Be Tricky
From Obamacare to Trumpcare

**Not Exactly True:** If you like your doctor, you can keep your doctor.

**Not Exactly False:** If you finally have a doctor, we’ll take away your doctor.

Repeal Obamacare!
From Obamacare to Trumpcare

From ACA’s Three-pronged Policy Objective

- Expand access
- To quality health care coverage
- At an affordable price

To GOP’s Two-Pronged Replacement Framework

- Provide access
- Health care coverage of your choosing
From Obamacare to Trumpcare

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THE REPUBLICANS CANCELLED OBAMACARE WITHOUT REPLACING IT

CALL US WHEN YOUR MEDICAL SAVINGS WHATEVER MATURES
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The **American Health Affordable Care Act &**

The Politics of Getting There
The **American Health Affordable Care Act** & The Politics of Getting There

![Cartoon of an ambulance with a speech bubble saying "WHOOP, WHOOP, WHOOP, WHOOP, WHOOP!..."

*OBAMACARE REPEAL AND REPLACE*

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The Politics of Getting There

Handing off to:

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Conclusion/Q&A

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