

# ACA “Repeal and Replace”

Washington Updates

# Agenda

## Where are we now?

- Current state of Affordable Care Act (ACA) “Repeal and Replace”
- Current state of Individual Market

## How did we get here, and what does it tell us about where we may be going?

- Timeline of bills and votes between March and September
- Key provisions within each “Repeal and Replace” attempt

## Where are we going?

- Current political landscape
- 2018 election outlooks and possible impacts on health care law
- Additional key issues for the future

# Where are we now?

Current state of ACA “Repeal and Replace”

State of Individual Market



# Current State of ACA Repeal

## Budget Reconciliation 2017 for budget year 2018

- Repeal and Replace efforts did not meet the September 30<sup>th</sup> budget deadline
- ACA remains law of the land

## Tax Reform

- Majority of Republicans ready to turn their focus to tax reform

## Bipartisan efforts

- Senators Lamar Alexander (R) and Patty Murray (D) currently working on a bipartisan bill to stabilize ACA markets



# ACA Remains Law of the Land...For Now?

## Graham Cassidy bill?

- Senator Graham vowed to pass “an alternative to Obamacare” in the current session of Congress

## 2018 budget reconciliation process for budget year 2019?

- Some Republicans open to revisiting ACA repeal under budget reconciliation

## Bipartisan effort to fix ACA?

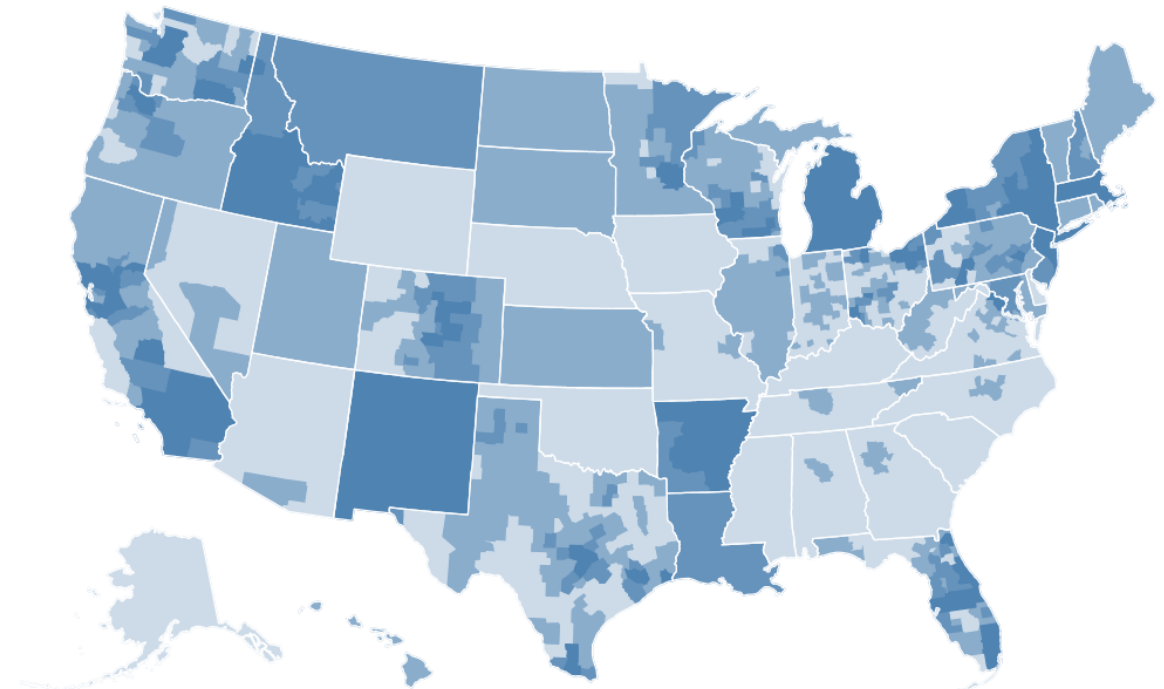
- Democrats want a guarantee that ACA subsidies will be paid through next year
- Republicans are hesitant to agree to fix a law they have spent 7 years trying to repeal

# Current State of Individual Market

- States negotiated with health insurers to guarantee residents would have health coverage in 2018
- Many carriers stepped up to fill gaps in states where there were withdrawals
- All counties in the US will have an option of health insurance coverage in 2018

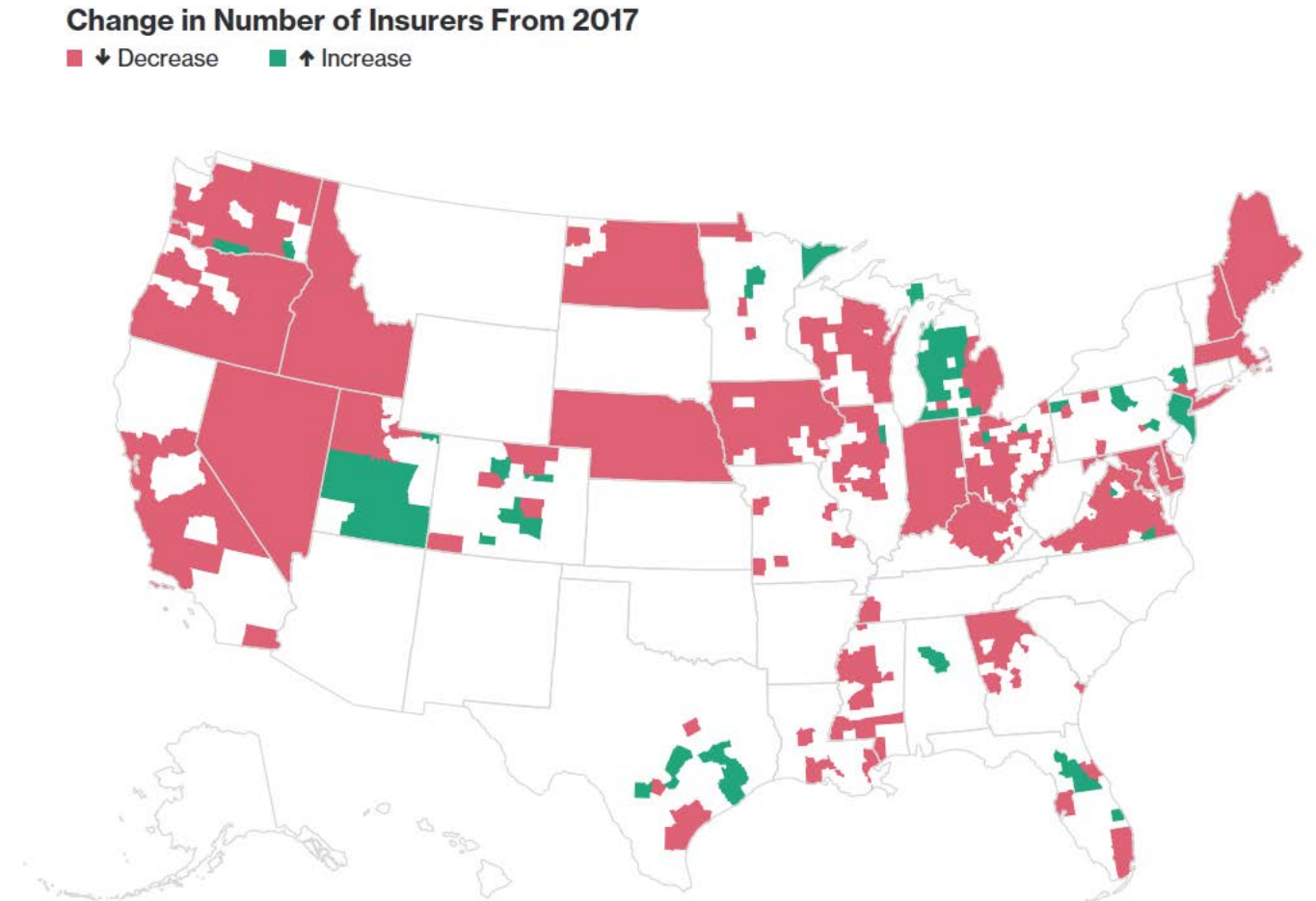
Number of Marketplace Insurers for 2018

1 insurer 24% of enrollees	2 24%	3 17%	4 or more 34%
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# Challenges for Individual Market in 2018

- Half of U.S. counties will only have 1 choice of carrier
- Expected price increases of 20% or more
- Uncertainty of ACA remaining law





# Items Making Insurers Nervous

- Unknown executive actions
- Cost sharing reductions
- Enforcement of individual mandate

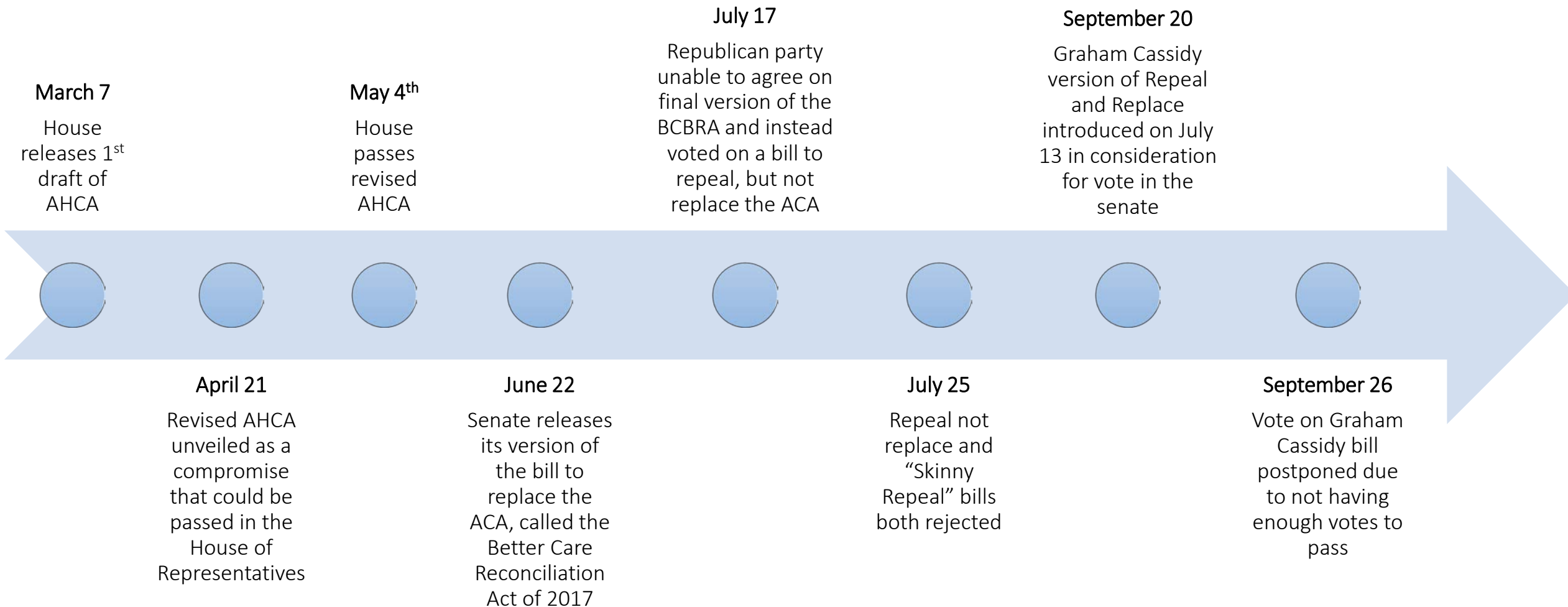


# How Did We Get Here?

Timeline of bills and votes between March and September

Key provisions within each attempt to “Repeal and Replace” ACA

# Timeline – AHCA, BCRA and Graham Cassidy March 2017-September 2017



# H.R. 1628: American Health Care Act 2017

- Introduced March 7 as a budget reconciliation bill
- Proposal to “repeal and replace” the Affordable Care Act and defund Planned Parenthood
- Vote was scheduled for March 24<sup>th</sup>, but was cancelled after it was determined that there was not enough votes to pass

# Key ACA Provisions that Would Remain

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Dependents can stay on their parents plan until age 26

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Insurers prohibited from denying coverage or charging more to members based on pre-existing conditions

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The exchanges (marketplaces) would continue

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Subsidies for premiums based on income

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Requirement that health plans cover essential benefits except for those on Medicaid

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Restriction on use of subsidies to pay for abortion



# Individual Responsibility Requirements

## AHCA Surcharge

- 30% surcharge for gaps in coverage
- Surcharge imposed when an individual re enrolls after being uninsured
- Could be more or less than ACA penalty

## Current Law: ACA Individual Mandate

- Requires most Americans to obtain health insurance or pay a penalty
- Assessed as federal tax liability on income tax returns
- \$695 per year penalty up to \$2085 per family



# What Would Be Removed

## Medicaid Expansion

- Reverse the expansion of Medicaid by 2020.
- Reduced federal support with caps on coverage
- Mental health and addiction coverage not required

## Individual Plans

- Metal tiers would be removed
- Premium limits would be adjusted
- ACA cost sharing provisions would be removed

## Employer Plans

- Fines for large employers that do not provide health plans would be removed
- Small business tax credit would end in 2020

# Additional Changes

## Taxes Removed

- Taxes created by ACA to pay for subsidies

## Taxes Added

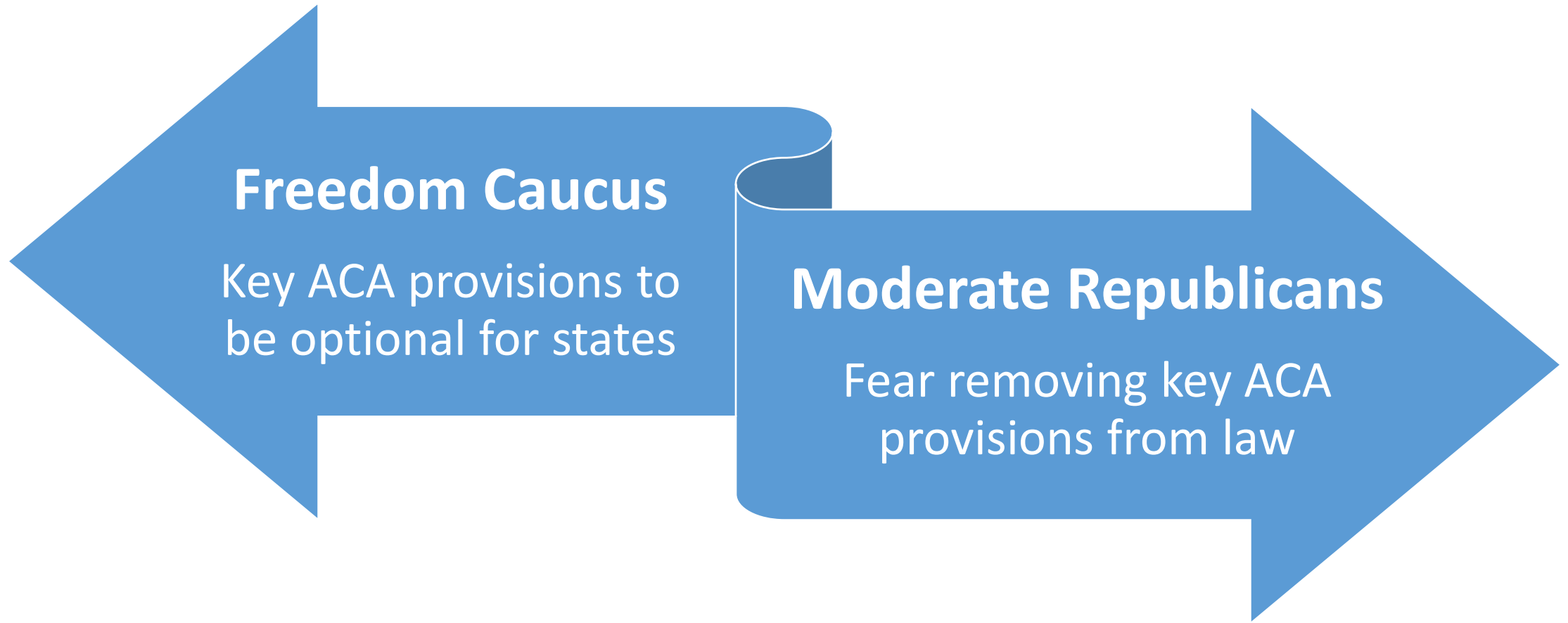
- Tax on the value of health insurance provided by employers

## Defund Planned Parenthood

- Prohibit federal funding for Planned Parenthood for one year
- End federal reimbursement to Planned Parenthood



# Sticking Points within the Republican Party



## **Freedom Caucus**

Key ACA provisions to be optional for states

## **Moderate Republicans**

Fear removing key ACA provisions from law



# Republicans Compromise on AHCA

- Amended American Health Care Act of 2017 was passed by the House of Representatives on May 4, 2017
- Sent to senate for passage as a budget reconciliation bill that is part of the 2017 federal budget process
- Budget reconciliation bill status means the bill cannot be filibustered in the Senate and can pass with a simple majority



# What Was Added?

## Invisible High Risk Pools

- Similar to reinsurance policies Est by the ACA
- Allocates \$15 billion over 9 years

## MacArthur Amendment

- States can opt out of ACA regulations through waivers
- Must show that waiver will stabilize market within their state

## Upton Amendment

- Creates \$8 billion dollar fund
- \$ to states who opt out of ACA regulations to reduce cost incurred by those subject to increase in health insurance cost due to waivers of ACA policy

# What Happened Next?...

- AHCA sent to the senate for passage under budget reconciliation
- Senate Republicans updated version of AHCA called the Better Care Reconciliation Act (BCRA).

## July 25<sup>th</sup>

- Motion to proceed with the BCRA – Failed
- Clean Repeal of ACA – Failed

## July 28<sup>th</sup>

- Paired down repeal (ACA) no replacement (“skinny repeal”) - Failed

# Key Differences Between BCRA and AHCA

## BCRA

- Tax credits based on income
- Medicaid expansion phased out over 4 years
- State Waivers to opt out of some ACA provisions
- 6 Month waiting period for lapse in coverage

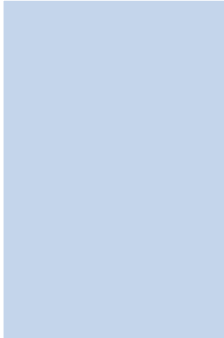
## AHCA

- Tax credits based on age
- Medicaid expansion phased out by 2020
- State waivers to opt out of key ACA provisions
- 30% surcharge for gaps in coverage

# Graham Cassidy Bill



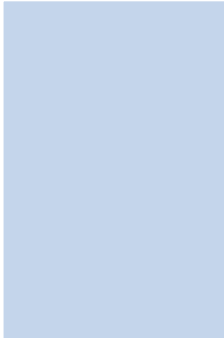
Does not repeal ACA entirely



Originally released in July as an amendment to the BCRA



Establishes funding for health insurance reform at the state level



Vote in September was postponed due to not having enough votes to pass in the Senate.



# Graham Cassidy Highlights

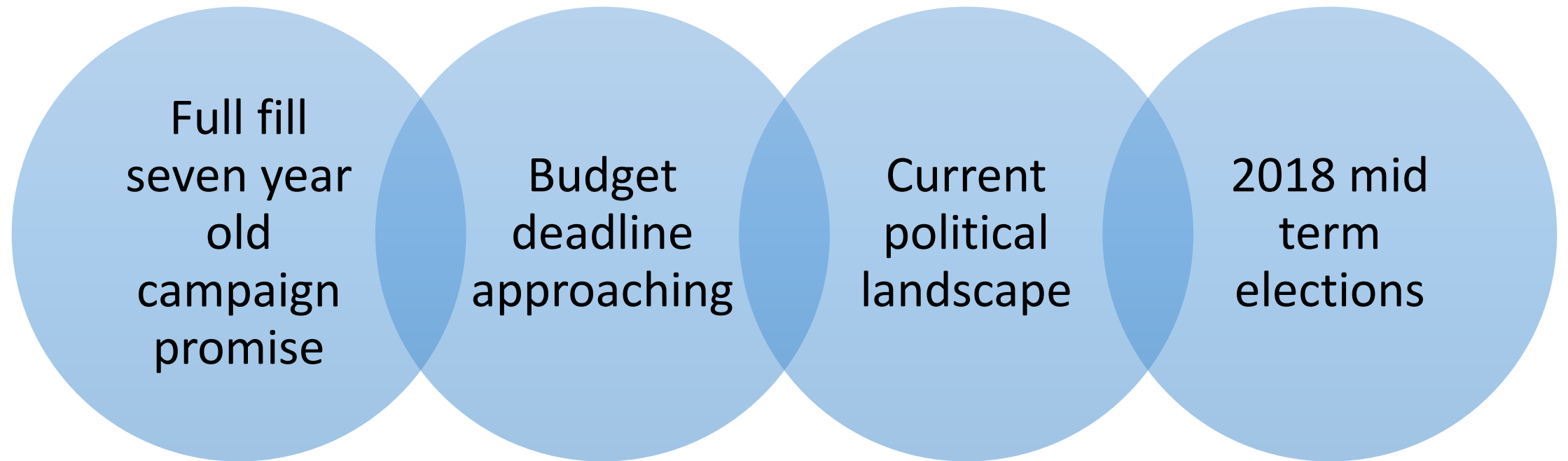
Repeals premium tax credits and cost sharing reductions

Eliminates individual and employer mandates

Appropriate \$ for a healthcare grant program for states to establish programs and policies to reform healthcare at the state level



# Why the Urgency to get Something Passed?



Full fill  
seven year  
old  
campaign  
promise

Budget  
deadline  
approaching

Current  
political  
landscape

2018 mid  
term  
elections

# Where are We Going?

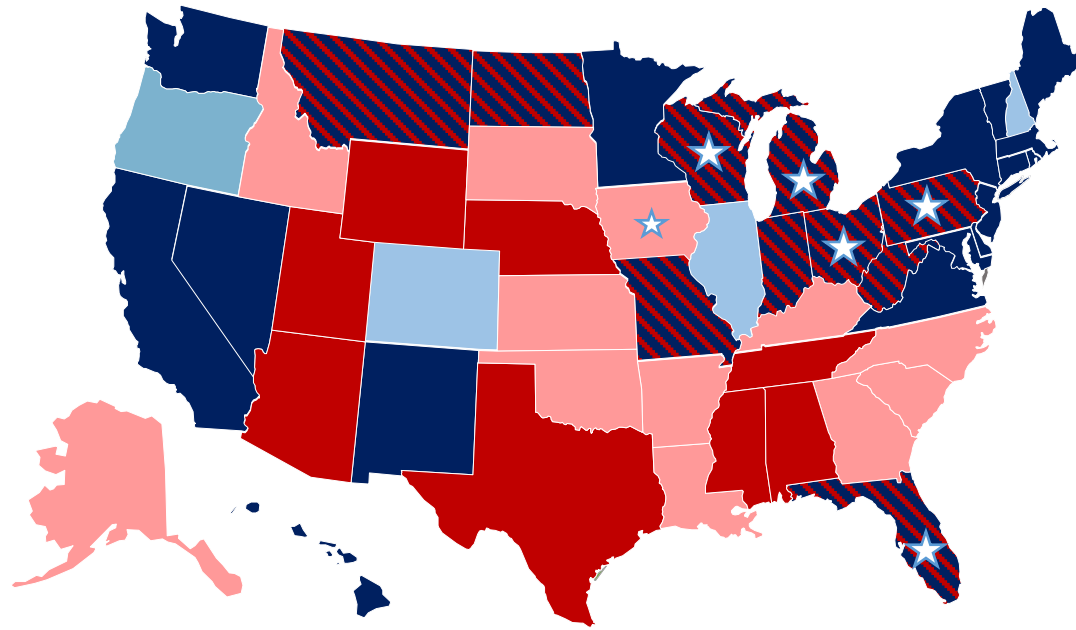
Current Political Landscape

2018 midterm outlooks and impacts on healthcare law

Additional key issues

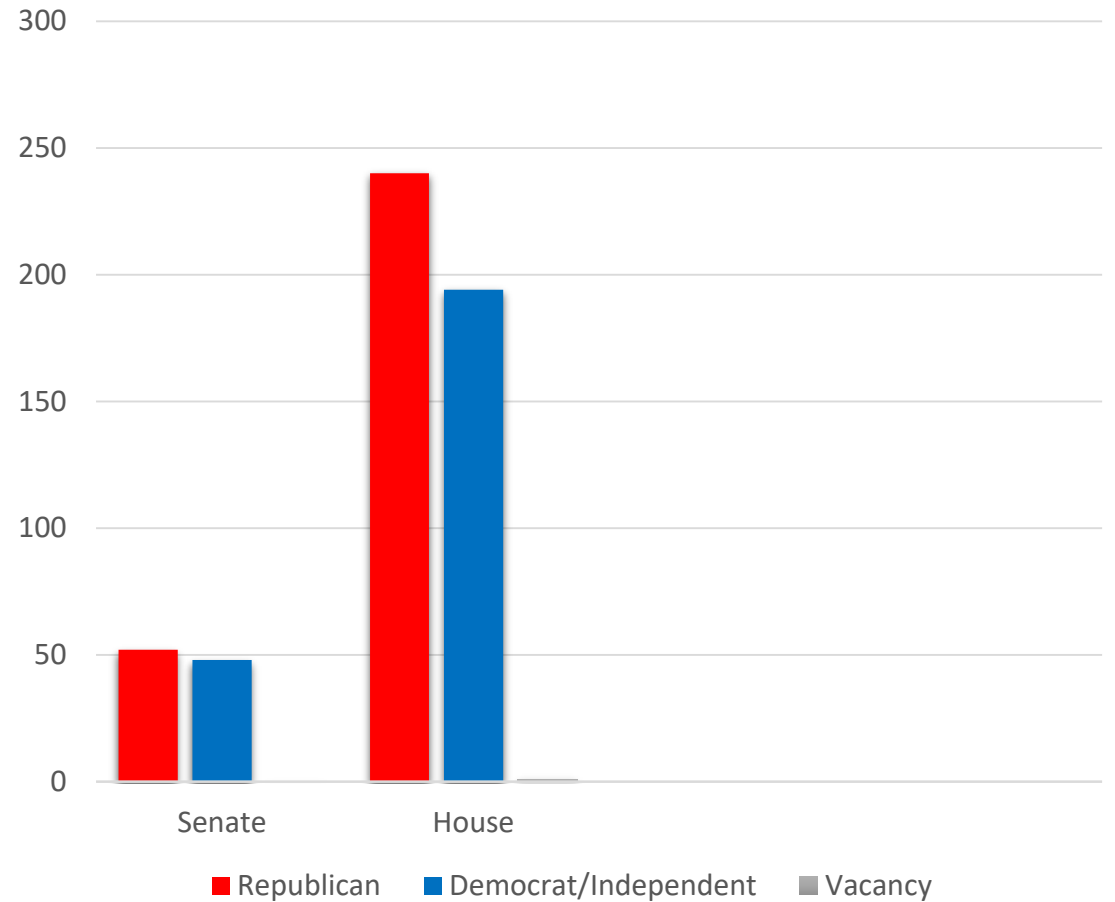


# Political Landscape – 115<sup>th</sup> Congress



## KEY

- Won by Trump
- Won by Clinton
- Senate Democrat 2018 race in a state won by Trump
- State Obama won in 2012 and Trump won in 2016



# 2018 Election Outlook: By the Numbers

## House



- All **435** seats up in 2018
  - **20** competitive Democratic seats
  - **51** competitive Republican seats

*Democrats need to pick up 24 seats to regain majority – possible*

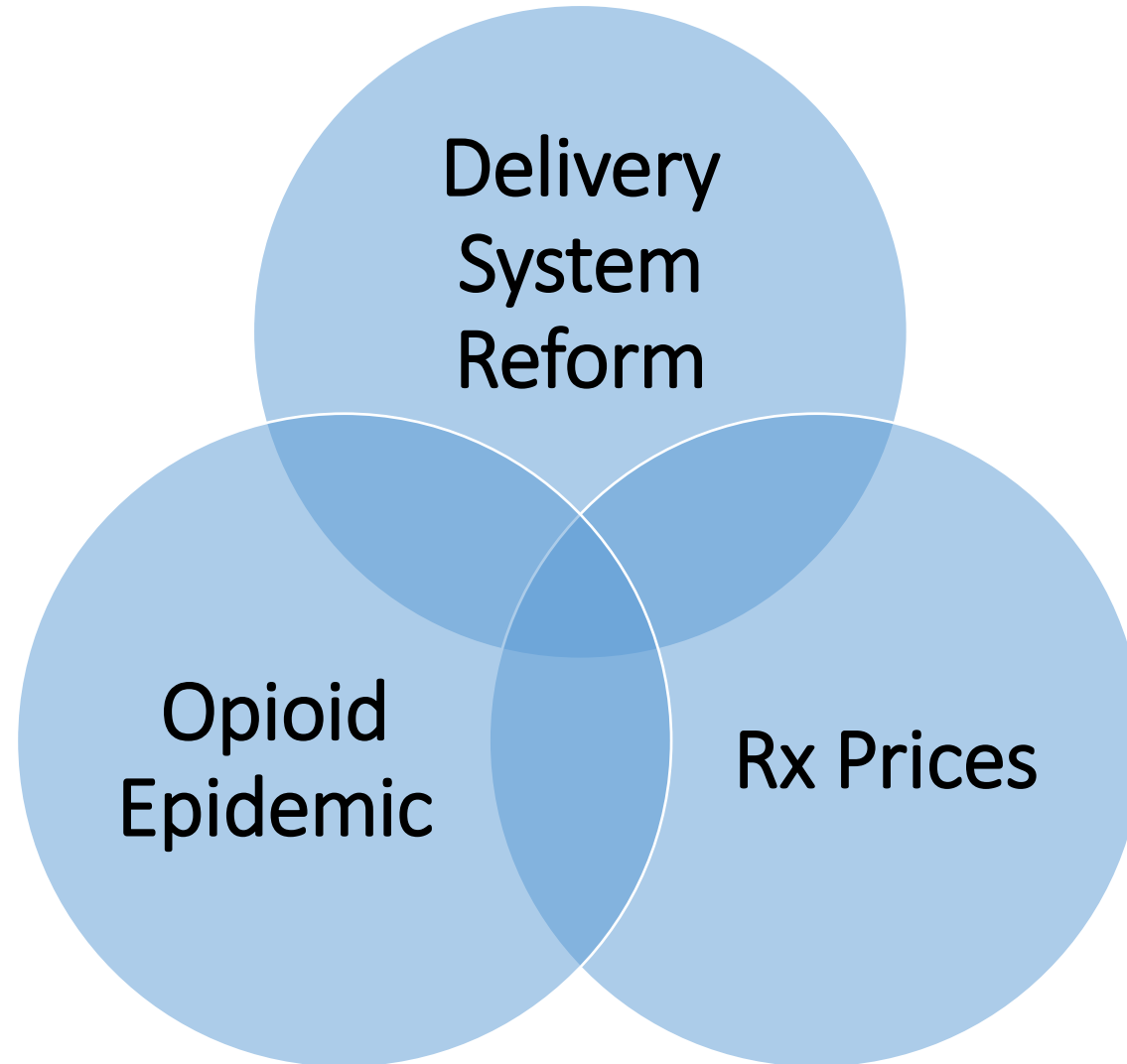
## Senate



- **34** seats up in 2018
  - **25** are held by Democrats;  
~13 competitive
  - **9** held by Republicans;  
~2 competitive

*Democrats will need to keep all 25 seats in 2018 and take back three seats currently held by Republicans – not likely*

# What are we not talking about?



# What is Delivery System Reform?

Activities aimed at changing the structure and incentives in the health care system

Encourages quality and efficiency

Rewards care coordination through the sharing of information

# Delivery System Reform Examples

## Medicare

- Comprehensive Primary Care Plus (CPC+)
- Merit Based Incentive Payment System

## Accountable Care Organizations

- Medical neighborhood comprised of many PCPs accountable for the cost and quality of care

## Patient Centered Medical Home

- Coordinate health care, prevent medical situations and provide increased quality and safety

## Multi Payer Collaborative

- Coordinate efforts to standardize performance and payment across all payers

# Rising Rx Costs

## Focus of Trump Administration

- Indicated support for Part D negotiation and drug importation

## Bipartisan Legislation Introduced to:

- Speed generics to market (FAST Generics and CREATES Acts)
- Create more transparency for Rx pricing (FAIR Drug Pricing Act)

## Growing Support into Rx Pricing and Rebates

- Wynden C-Thru Act



the campaign for  
**SUSTAINABLE Rx PRICING**  
 Transparency. Competition. Value.





# Opioid Epidemic



## Crisis Continues to Grow

- 78.5 billion/year in direct healthcare costs
- Overdose leading cause of accidental death in 2015, over 20,000 related to Rx
- Over 2M abuse prescription opioids; almost 600K abuse heroin



## Public Officials Looking for Solutions

- States and Congress considering legislation
- Whitehouse Commission created
- NE prescription drug monitoring program (2016)
  - Embedded into our health information exchange



Thank You