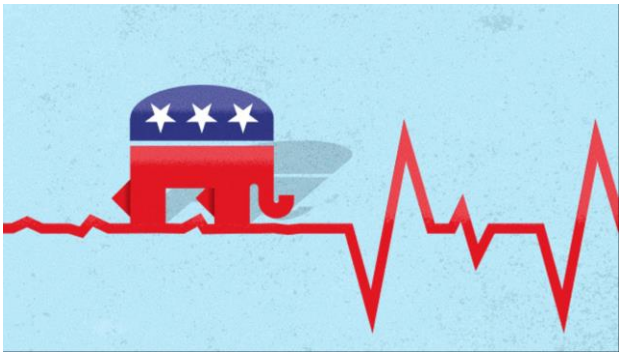
Policy Brief

November 1, 2019



Republican Study Committee First to Propose 2020 GOP Health Plan

In the absence of a Trump Administration health care agenda for 2020, the Republican Study Committee (RSC)—a House Republican caucus— released "A Framework for Personalized Affordable Care" (Framework) last week. The document details familiar conservative policies that weaken various provisions of the Affordable Care Act (ACA), reduce the role of the federal government in administering health insurance and create a more robust individual market.

The first part of the Framework focuses on health insurance reforms. A pending second part will address broader health policy issues, such as price transparency and innovation. The RSC has not yet indicated how it would finance these plans. Key proposals in part one of the plan include:

Increasing insurance portability and growing the individual market. Two of the Framework's goals are to allow individuals to take their insurance with them and incentivize continuous coverage. The Framework outlines changes to reduce reliance on employer-sponsored coverage, such as removing the requirement to exhaust COBRA benefits before getting a plan in the individual market.

Conditionally protecting coverage for those with pre-existing conditions. The RSC's plan accounts for pre-existing conditions through guaranteed issue protections in the individual marketplace and state-based Guaranteed Coverage Pools, similar to the high-risk pools in Paul Ryan's 2017 plan. However, individuals with pre-existing conditions without a year of continuous coverage could face an exclusion period of up to 12 months.

Amplifying the role of the Health Savings Account (HSA). In addition to significantly increasing the allowed annual HSA contribution for individuals and families, the Framework allows individuals to have

an HSA without a high-deductible health plan. Funds would be allowed to cover payments for premiums, direct primary care and short-term coverage. With this flexibility, however, a greater share of the costs will likely be borne by individuals rather than insurers.

Phasing out Medicaid Expansion in favor of block grants. The ACA's Medicaid expansion would be eliminated and replaced with per capita Medicaid block grants, which states can flexibly administer. The Framework also phases out the increased Federal subsidy in expansion states, unwinding one of the ACA's most controversial coverage policies.

Eliminating Essential Health Benefits. The Framework proposes to "undo" ACA requirements for coverage of preventive services and essential health benefits, which could have negative implications for long-term wellness and managing chronic illness.

ACA Premiums Expected to Drop in 2020

In the latest projections from the Centers for Medicare and Medicaid Services (CMS), benchmark premiums are expected to decrease by 4% in states using the federal Health Insurance Exchanges, with similar reductions anticipated in many state-run Exchanges. For select states, premiums could decrease by up to 20%. Overall, the Exchanges appear to be stabilizing with steady or decreasing premiums, increased insurer participation and slower disenrollment than anticipated. While the Trump Administration maintains its opposition to the ACA, it also credits its own actions for the gains in stability—despite Census data showing the second year of steadily-increasing uninsured rates since the ACA became law.

Lower Premiums, More Insurers

Most benchmark premiums in the federal Exchanges will drop by 4%, with six states seeing premium reductions of as much as 20%. These gains are also seen in state-run Exchanges. Some state-run markets, like California's, are seeing the lowest rate increases on record. Others, like Washington's, will have price decreases similar to federal estimates. Three states (Indiana, Louisiana and New Jersey) are expecting an increase in benchmark rates of 10% or more. Median benchmark plans' deductibles are expected to increase by 2%.

Insurers' participation will also increase in 2020, with 20 more insurers selling plans on the Exchanges. In contrast with previous years, only two states (Delaware and Wyoming), will have a single insurer to

choose from in the Exchanges. CMS estimates that the average individual shopping for coverage will have at least three insurers and over 35 plans to choose from.

Yes, But…

Despite a strong economy and low unemployment, the number of Americans—particularly children—without insurance coverage continues to increase. In addition, the Fifth Circuit Court of Appeals is still considering the legality of the ACA. The lawsuit, which is supported by the Trump Administration, alleges that the ACA cannot stand without the individual mandate and should be repealed. Regardless of the outcome, open enrollment on the Health Insurance Exchanges begins on November 1st.

CMMI Delays Primary Care Model

The Center for Medicare and Medicaid Innovation (CMMI) announced that it will delay the start of the Primary Care First payment model until 2021 after originally proposing a start date of 2020. The delay is meant to give physicians more time to consider participation. This model will be offered in 26 regions of the U.S. including California, Florida, Ohio, Kansas, Kentucky and Colorado. A CMS fact sheet on the model can be found here.

Applications for Kidney Care Choices Model Now Available

CMMI released requests for application for the Kidney Care Choices model, which performance period is expected to start on January 1, 2021 and run through December 31, 2023. The application period for providers started on October 24th and will close on January 22, 2020. The new model will allow dialysis facilities, nephrologists and other healthcare providers to create Accountable Care Organizations (ACOs) to manage the care of beneficiaries with End Stage Renal Disease. A CMS fact sheet on the model can be found here.

A Look at the Federal Register

Rescinding the Adoption of the Standard Unique Health Plan Identifier and Other Entity Identifier

The Department of Health and Human Services released a final rule (84 FR 57621) eliminating the requirement to adopt a standard Unique Health Plan Identifier (HPID) due to the cost and burden associated with the implementation and administration.

IN OTHER NEWS

Medicaid Covers a Million Fewer Children – NYT

When Talking About Social Determinants, Precision Matters – Health Affairs

White House Unveils Website to Streamline Search for Drug Treatment – Washington Post

Spread of ACOs And Value-Based Payment Models In 2019 – Health Affairs

Several States Wary of $48 Billion Opioid Settlement – Reuters

New CRISPR Tool Has the Potential to Correct Almost All Disease-Causing DNA Glitches – STAT

Court Refuses to Stay or Reconsider Decision Tossing CMS Site Neutral Rule – Healthcare Dive

Trump Urges Quicker Action to Allow Imported Drugs from Canada – Reuters

Arizona Quietly Suspends Medicaid Work Requirement – AZ Central

AHA Comments on Lower Drug Costs Now Act (H.R. 3) – AHA