HEALTH CARE REFORM UPDATE

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Health & Disability Advocates
HEALTH CARE REFORM IS

• Complex
• Uncertain
• A Moving Target
Outline

• Opinions on the ACA and Repeal
• Timeline of Recent Events
• Republican Policy Proposals on Healthcare
• Ways to get involved and stay up to date
ACA OPINIONS

Kaiser Health Tracking Poll
OPINIONS ON THE ACA

Americans are almost equally divided on these issues.

Opinion of the ACA
- Favorable: 48
- Unfavorable: 10
- Unsure: 42

To Repeal or Not Repeal?
- Do not want repeal: 48
- Want repeal: 5
- Unsure: 47


HDA: 25 Years of Change that Matters
FEW SEE REPEAL WITHOUT REPLACE AS A FEASIBLE OPTION

Only 18% think that the law should be immediately repealed and the details of a replacement should be worked out later.

MEDICAID IS PART OF THE ACA DEBATE

More than half of Americans say that Medicaid is important for their family.

Continued Federal Funding for Medicaid Expansion is Important

[Graph showing that 84% of Americans认为Medicaid Expansion important, 15%认为不重要]


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## BEING INFORMED IS CRITICAL

### TRUST IN SOURCES OF INFORMATION ABOUT HEALTH CARE REFORM

<table>
<thead>
<tr>
<th>Source</th>
<th>A lot</th>
<th>Some</th>
<th>Only a little</th>
<th>Not at all</th>
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<tbody>
<tr>
<td>Social Networking Sites</td>
<td>8%</td>
<td>12%</td>
<td>29%</td>
<td>53%</td>
</tr>
<tr>
<td>President Trump</td>
<td>23%</td>
<td>19%</td>
<td>16%</td>
<td>40%</td>
</tr>
<tr>
<td>National News Organizations</td>
<td>18%</td>
<td>33%</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>Friends and Family</td>
<td>18%</td>
<td>34%</td>
<td>30%</td>
<td>17%</td>
</tr>
<tr>
<td>Local News Organization</td>
<td>16%</td>
<td>37%</td>
<td>30%</td>
<td>15%</td>
</tr>
<tr>
<td>Your Congressional Representatives</td>
<td>19%</td>
<td>36%</td>
<td>25%</td>
<td>17%</td>
</tr>
</tbody>
</table>

“Nobody knew that health care could be so complicated.”

*President Donald Trump*

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AN ACA REPEAL WOULD HURT

• Medicaid expansion helps people with disabilities get access to health insurance before they have an official federal disability determination.

• The health insurance marketplace helps both adults that are not yet eligible for Medicare, and people with disabilities access insurance.

• The ACA protects people with pre-existing conditions by guaranteeing access to coverage.

• The ACA closed the Medicare Donut Hole, saving money for seniors and making sure people don’t go without medications they need.

• Financial assistance helps people that make too much for Medicaid get access to affordable health insurance.
AN ACA REPEAL WOULD HURT

• ACA Repeal is the difference between having coverage and not having coverage.
• For many, having coverage is a matter of life or death.
WHEN TALKING WITH CLIENTS

• Medicaid is still intact. Your coverage is intact.
• Even though changes may occur in the future, you still need to have coverage now.
• The ACA is still here, so your coverage still works.
SO WHAT HAS ACTUALLY HAPPENED SO FAR?

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2 Paths of Health Reform

- Degradation of existing policy (ACA)
- High Human Risk Policy Proposals
January 20th, 2017
Trump issues Executive Order

January 26, 2017
Trump Administration pulls healthcare.gov ads for final week of enrollment

February 14, 2017
IRS says it will allow submission of tax returns that don’t state whether or not someone has health coverage.

February 15, 2017
Proposed Market Stabilization Rules Introduced

March 6, 2017
Two budget bills introduced that undermine the ACA

http://www.cbpp.org/sabotage-watch-tracking-efforts-to-undermine-the-aca

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# MARKET STABILIZATION RULES

<table>
<thead>
<tr>
<th>Changes to Open Enrollment</th>
<th>Changes to Special Enrollment</th>
<th>Changes to Guaranteed Availability</th>
<th>Changes to Actuarial Values</th>
<th>Changes to Network Adequacy Review</th>
<th>Changes to Essential Community Provider Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WORSE FOR CONSUMERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Enrollment to half the normal time frame</td>
<td>More hoops to jump through to get access to coverage when entitled to it.</td>
<td>Consumers must pay missed premiums before they can access needed healthcare. Holds healthcare access hostage.</td>
<td>Offers what look like more cost-effective plans, that cover less.</td>
<td>Finding providers to meet health needs will be more difficult.</td>
<td>It will be harder for low-income individuals to access care through FQHCs, Ryan-White providers, safety net hospitals, etc.</td>
</tr>
<tr>
<td><strong>BETTER FOR INSURERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthier (Lower Cost) Enrollees for Insurers</td>
<td>Insurers get greater control of their enrollees.</td>
<td>Insurers recoup small payments from consumers while denying care</td>
<td>Allows insurers to market plans with higher cost sharing but lower premiums</td>
<td>Insurers will have less stringent requirements for networks.</td>
<td>Insurers can have a smaller network of providers that regularly serve the traditionally underserved.</td>
</tr>
</tbody>
</table>

http://healthaffairs.org/blog/2017/02/16/unpacking-the-trump-administrations-market-stabilization-proposed-rule/
EXECUTIVE ORDER

“waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the Act that would impose a fiscal burden on any State or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications....to the maximum extent permitted by law.”

The law is still the law.
IRSACTION

• This year, the IRS put in place system changes that would reject tax returns during processing in instances where the taxpayer didn’t provide information related to health coverage.

• Instead, the IRS will continue to allow electronic and paper returns to be accepted for processing in instances where a taxpayer doesn’t indicate their coverage status.

The law is still the law.
ACTIONS - REPEAL AND REPLACE

Passed
  • Budget Resolution

Bills
  • Leaked Repeal Plan Draft Bill - Old (dated Feb. 10)
  • Sen. Rand Paul’s Obamacare Replacement Act, 2017-Committee
  • Sen. Bill Cassidy’s Patient Freedom Act, 2017-Committee
  • 2 Bills proposed through the budget reconciliation process

Policy Proposals and Ideas:
  • Dead Bill: Empowering Patients First Act, 2015, introduced by Rep. Tom Price before he became Secretary of Health and Human Services

http://www.politico.com/f/?id=0000015a-70de-d2c6-a7db-78ff707e0000
What’s budget reconciliation?
- Process allowed only by passing a budget resolution
- Instructs congressional committees to find ways to reduce the deficit
- Limits consideration of a budget bill to 20 hours of debate.
- **NO FILIBUSTERS**
- Allows specific types of legislation to pass with only a simple majority making it easier to pass legislation
BUDGET RECONCILIATION

What does this budget resolution do?
• Budget resolutions aren’t bills
• It authorizes committees to work on bills reducing the deficit (through ACA repeal). It doesn’t actually change anything on its own.
• Note, Congress can only repeal parts of the ACA that have to do with the budget.

Where are we now?
• The “Secret Bill”
  • Advocates are asking that congress release details and hold public hearings on the budget reconciliation bill that is being marked up.
• TWO bills were released on Monday.

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BUDGET RECONCILIATION BILLS

Energy and Commerce
Patient Access to Public Health Programs

Ways and Means
American Health Care Act
https://waysandmeans.house.gov/wp-content/uploads/2017/03/03.06.17-Section-by-Section.pdf
COMPONENTS OF GOP POLICY PROPOSALS

• Guaranteed Issue Continuous Coverage Exclusion
• Health Savings Accounts
• High Risk Pools
• Tax Credits
• Medicaid Block Grants / Per-Capita Caps
• Consequences
Continuous Coverage Exclusion for Pre-Existing Conditions

GUARANTEED ISSUE

Continuous coverage, then you aren’t discriminated against for having a pre-existing condition, and are guaranteed issue of coverage

CONTINUOUS COVERAGE EXCLUSION

Gap in coverage? Then you may be denied coverage or offered coverage that is much more costly.
HEALTH SAVINGS ACCOUNTS

HSAs TODAY
- Tax free account that allows you to save for medical expenses.
- Contribution limits
  - $3,350 individual
  - $6,750 family
- ONLY Available to those in a high deductible health plan.
  - $1,300 individual
  - $2,600 family

GOP PROPOSALS
- Higher Contribution limits
  - $6,550 individual
  - $13,100 family


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HSA Takeaways

• Health Savings Accounts DO NOT Equal Health Insurance

• Health Savings accounts are great for people who can save money. Health savings accounts are not great for low income people.

• The tax advantages of health savings accounts increase as people are wealthier.
  
  • For example, someone who makes $100,000 can save 28 cents on the dollar saved. Someone who makes $30,000 saves 15 cents on the dollar for their contributions to an HSA.
  
  • Lowering taxable income: someone who makes $91,902 is in the 28% tax bracket in 2017. She puts $3 into a health savings account, so her taxable income is now $91,899, which lowers her tax bracket from 28%, from 25%. So, her entire income is taxed less because of a $3 contribution.
CURRENTLY, THE ACA PROVIDES INCOME ADJUSTED TAX CREDITS.

- Tax credits are calculated based upon income, not age.
- Provide assistance to those who need it most.

GOP HAVE PROPOSED AGE ADJUSTED TAX CREDITS

- Older people get more because they’re premiums are higher.
- Younger people get less.
- Income Doesn’t matter.

Age adjusted tax credits provide equal assistance to low and high income people, and do not account for medical needs.
AGE ADJUSTED TAX CREDITS ARE FLAT TAX CREDITS

• 40 years old, Income $75,000 per year. Tax Credit: $3000
• 40 years old, Income $30,000 per year. Tax Credit: $3000

• 30 years old, income $75,000 per year. Tax Credit: $2500
• 30 years old, income $30,000 per year. Tax Credit: $2500
HIGH RISK POOLS

Health Insurance Marketplace
• Everyone who is enrolls in the marketplace is in this risk pool.
• Risk is taken by insurance companies.

High Risk Pools
• People who have been excluded from the traditional health insurance market
• People with pre-existing conditions
• Premium is up to 2x the cost of traditional insurance
HIGH RISK POOLS ARE NOTHING NEW

Figure 2
Traditional State High-Risk Pools, Pre-ACA


http://kff.org/health-reform/issue-brief/high-risk-pools-for-uninsurable-individuals/
### HIGH RISK HIGH COST

**Exhibit 1. Premium and Out-of-Pocket Costs for Health Coverage in Marketplace vs. Hypothetical High-Risk Pool**

<table>
<thead>
<tr>
<th>Cost ($)</th>
<th>Marketplace Coverage</th>
<th>Hypothetical High-Risk Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200% FPL</td>
<td>1,448</td>
<td>2,250</td>
</tr>
<tr>
<td>250% FPL</td>
<td>2,312</td>
<td>5,200</td>
</tr>
<tr>
<td>300% FPL</td>
<td>3,275</td>
<td>6,350</td>
</tr>
<tr>
<td>400% FPL</td>
<td>4,366</td>
<td>6,350</td>
</tr>
<tr>
<td>Out-of-Pocket Cost Maximum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200% FPL</td>
<td>2,250</td>
<td>3,350</td>
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</tr>
<tr>
<td>400% FPL</td>
<td>6,350</td>
<td>6,350</td>
</tr>
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</table>

Notes: FPL=federal poverty level. Premium figures are based on those for a 50-year-old single person who has reached the out-of-pocket maximum. Figures based on Kaiser Family Foundation subsidy calculator (http://kff.org/interactive/subsidy-calculator/). Hypothetical high-risk pool uses national standard risk rate based on federally administered PCIP premiums; see J. P. Hall and J. M. Moore, Early Implementation of Pre-Existing Condition Insurance Plans: Providing an Interim Safety Net for the Uninsurable (New York: The Commonwealth Fund, June 2011).

HIGH RISK POOLS COST A LOT

• Illinois Comprehensive Health Insurance Plan
• In Illinois premiums were capped at 150% of the standard market rate for an insurance policy. CONSUMERS PAY MORE
• Premiums covered only 67% of the cost to administer the plan. STATES PAY MORE

https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8041.pdf
MEDICAID BLOCK GRANTS

**Current System**
Fed Gov’t pays a share of state costs.

**Block Grant System**
State gets a certain amount from the federal, and is accountable for the rest.

*current system fed match rate varies by state and eligibility group.

**CURRENT SYSTEM**

<table>
<thead>
<tr>
<th></th>
<th>State Share</th>
<th>Federal Share</th>
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<tbody>
<tr>
<td>$100</td>
<td>$50</td>
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<td>$200</td>
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</tr>
<tr>
<td>$300</td>
<td>$150</td>
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**BLOCK GRANT SYSTEM**

<table>
<thead>
<tr>
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<tr>
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<tr>
<td>$300</td>
<td>$250</td>
<td>$50</td>
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</table>

To make costs affordable the state can do the following:

1. Raise taxes.
2. Cut benefits.
3. Cut provider reimbursement rates.
PER CAPITA CAPS

Similar to block grants, but on a per person basis.

State dollars

Federal dollars

Cap at $700 max per person

John
- $1,000
- $700
- $300

Luis
- $5,000
- $700
- $4,300

Sherry
- $10,000
- $700
- $9,300
CONSEQUENCES: HOW DO STATES COVER THE OTHER COSTS?

• STOPPING INNOVATION

• CUTS
  • To benefits
  • To eligibility
  • To provider reimbursement
“Provides that if Illinois' federal medical assistance percentage (FMAP) is reduced below 90% for persons eligible for medical assistance under the specified provisions, medical assistance eligibility for this new class of persons shall cease no later than the end of the third month following the month in which the reduction in FMAP takes effect.”

-Public Act 98-0104 (Medicaid Expansion Law)
The Potential Outcomes

• 1.2 million Illinoisians stand to lose health coverage.
• Illinois stands to lose $50 billion in federal funding for Medicaid, CHIP, and financial assistance
• Financial help won’t go to the people that need it the most.
• States will be forced to make cuts and eligibility changes for Medicaid.
• People won’t be able to get the care that they need.
• People will lose their jobs.
• People will get sicker.
• We are taking from the poor to give tax cuts to the rich.

REMEMBER

• We’ve overviewed a lot of “proposals”. These are important to keep in mind, but also important not to get overwhelmed with. Proposals are not true changes.
• We will let you know about changes before they take effect so you can prepare.

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ADVOCACY OPPORTUNITIES

There is a lot of action around the ACA right now, and a lot of ways to get involved that vary based upon the amount of involvement you want to have.

• Join a group.
• Make phone calls to your congress people, especially if you live in a republican district. Call governor’s offices specifically about
  • Call script: http://action.communitycatalyst.org/o/51671/p/salsa/web/common/public/content?content_item_KEY=15075
• Visit district staff.

There are tools on the HDA website for visits with legislative staff.
HOW TO KEEP UP WHEN THINGS ARE CHANGING SO FAST

• Join the Protect Our Care Coalition [http://protectourcareil.org/](http://protectourcareil.org/)
• Sign up for the Illinois Health Matters Newsletter, and follow on Twitter, and Facebook. [http://illinoishealthmatters.org/](http://illinoishealthmatters.org/)
• Sign up for updates from Health & Disability Advocates [http://www.hdadvocates.org/](http://www.hdadvocates.org/)
• Sign up for the MMW List Serve [http://www.ageoptions.org/services-and-programs_makemedicarework.html](http://www.ageoptions.org/services-and-programs_makemedicarework.html)
• Interested in the details? Sign up for emails from the following two national organizations, Families USA and Center on Budget and Policy Priorities. [http://familiesusa.org/](http://familiesusa.org/)
Please be in touch with questions. Let me know if you are calling or meeting with your legislators. We can provide information and materials to support you.