

# Health Care Reform Update

Southeastern Actuaries Conference (SEAC)

Spring Meeting

June 20, 2019



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# Introduction and Agenda

- **Hot Topics in Health Care**
- **Democratic Reform Proposals**
- **What's Next in Health Policy**

# Hot Topics in Health Care

- Texas v. United States Lawsuit
- Prescription Drug Prices
- Surprise Medical Bills



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# Texas v. United States Lawsuit

- **February 2018:** 18 Republican state Attorneys General and two Governors sue to have the ACA declared unconstitutional since the tax penalty is eliminated as of 2019.
- **May 2018:** 17 Democratic state Attorneys General petition to intervene and defend the ACA.
- **June 2018:** The Department of Justice (DOJ) refuses to defend the ACA, but asks the District Court to only overturn provisions guaranteeing coverage for individuals with preexisting conditions and requiring insurers to ignore health status to set premiums.
- **December 2018:** The District Court ruled that the individual mandate is unconstitutional and inseverable from the rest of the ACA, meaning the entire law is unconstitutional.
- **January 2019:** California AG Xavier Becerra appeals the District Court's decision to the Fifth Circuit Court of Appeals.
- **March 2019:** The DOJ changes its position and now agrees with the District Court's opinion that the entire ACA should be declared unconstitutional.
- **May 2019:** The Fifth Circuit Court of Appeals sets oral arguments for July 9.

# Prescription Drug Prices

- Based on AHIP data from 2018, 23 cents of every health care dollar are spent on prescription drugs.
- A February 2019 Kaiser Family Foundation poll shows that almost one-fourth of adults (24 percent) and seniors (23 percent) say it is difficult to pay for prescription drugs.
- Legislation currently before Congress would:
  - Prevent brand drug manufacturers from impeding the entry of generic versions
  - Prohibit drug makers from agreeing to keep generic equivalents off the market
  - Prevent exclusivity arrangements by generic drug makers
- None of the legislative proposals introduced to date have addressed the root cause of this issue – the list price for drugs set by manufacturers.
- President Trump is expected to continue to push for approaches to lower drug prices for consumers in both the Medicare and commercial markets.

# Surprise Medical Bills

- Surprise medical bills occur when members utilize an in-network facility for care but receive services from out-of-network providers without the members' knowledge or consent. The out-of-network providers then balance bill the patient for the difference between the allowed amount and billed charges.
- This issue is concentrated among providers who are not likely to accept private insurance, such as emergency medicine physicians, anesthesiologists, radiologists, and pathologists.
- There is bipartisan agreement that patients should not be caught in the middle of these disputes and that balance billing should be prohibited.
- The debate will focus on reimbursement levels for out-of-network providers:
  - Cap the prices that out-of-network providers get paid. Out-of-network providers would seek payment from the health insurer, which would reimburse based on local market rates.
  - Force the provider and the insurer to negotiate a fair price. This would involve an arbitration process, where each party submits what it thinks is a fair price for the medical service and an arbiter picks one.
- President Trump is expected to push Congress to pass surprise billing legislation by the end of 2019.

# Democratic Reform Proposals

- Medicare for All vs. Single Payer vs. Universal Coverage
- Overview of Democratic Health Proposals



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# Medicare for All vs. Single Payer vs. Universal Coverage

- “Medicare for All” has become a focal point for Democratic health reform efforts, but the term is used interchangeably to describe a single payer system, while others equate it to universal coverage.
  - A true single-payer system would be a health care system where a single entity (i.e., the federal government) pays the cost of medical claims.
  - Universal coverage would provide everyone with access to health care – the “how” should be based on the most efficient way to provide quality, affordable care.
- The existing Medicare program is not a single-payer system – it is a joint public-private coverage model with multiple components, each with separate premiums and cost sharing:
  - Traditional Medicare (Part A and Part B, also called original Medicare)
  - Medicare Advantage (Part C) – health plans offered by private insurers
  - Medicare prescription drug plans (Part D) – offered by private insurers
- For more detailed overviews and comparisons of the various Democratic proposals, see the Kaiser Family Foundation’s interactive tool:

<https://www.kff.org/interactive/compare-medicare-for-all-public-plan-proposals/>

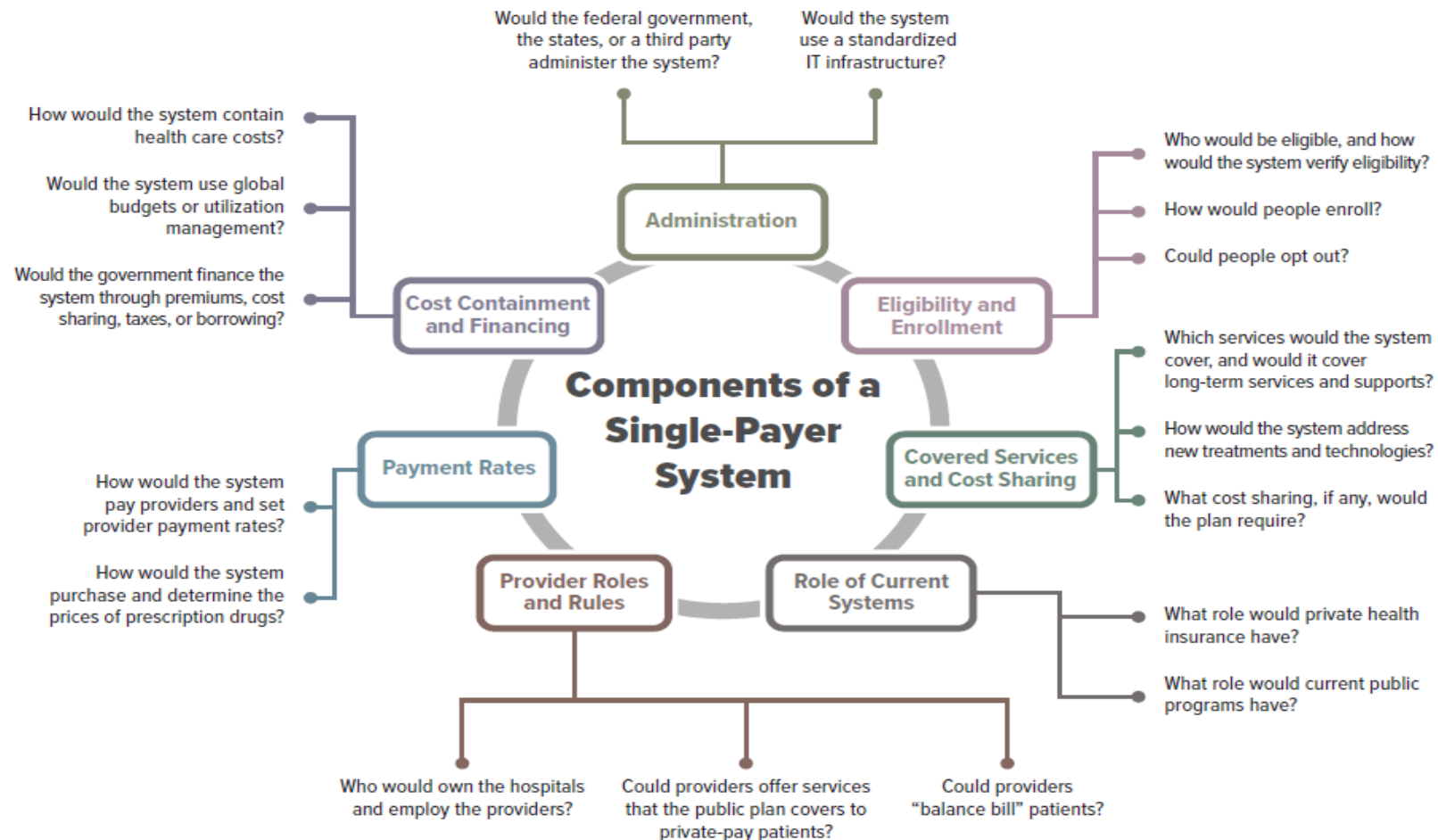


# Overview of Democratic Health Proposals

	Single Payer – Entire Market	Single Payer – Individual Market	Public Option Plans	Program Buy-In
Overview	<p>Single government plan; no private plans offered for individuals or employers:</p> <ul style="list-style-type: none"> <li>• <b>Medicare for All Act of 2019</b> (S. 1129)</li> <li>• <b>Medicare for All Act of 2019</b> (H.R. 1384)</li> </ul>	<p>Single government plan for individuals; private employer plans still available:</p> <ul style="list-style-type: none"> <li>• <b>Medicare for America Act of 2019</b> (H.R. 2452)</li> </ul>	<p>Government plan on ACA Marketplace with private individual, employer plans:</p> <ul style="list-style-type: none"> <li>• <b>Keeping Health Insurance Affordable Act of 2019</b> (S. 3)</li> <li>• <b>Medicare-X Choice Act of 2019</b> (S. 981, H.R. 2000)</li> <li>• <b>Choose Medicare Act</b> (S. 1261, H.R. 2463)</li> <li>• <b>CHOICE Act</b> (H.R. 2085, S. 1033)</li> </ul>	<p>Government program buy-in offered with private individual, employer plans:</p> <ul style="list-style-type: none"> <li>• <b>State Public Option Act</b> (S. 489, H.R. 1277)</li> <li>• <b>Medicare Buy-In and Health Care Stabilization Act of 2019</b> (H.R. 1346)</li> <li>• <b>Medicare at 50 Act</b> (S. 470)</li> </ul>
Features	<ul style="list-style-type: none"> <li>• Extensive benefits with little/no costs</li> <li>• Can choose any provider for care</li> </ul>	<ul style="list-style-type: none"> <li>• Premiums, costs tied to income</li> <li>• Allows employers to offer coverage</li> </ul>	<ul style="list-style-type: none"> <li>• New plan based on ACA benefits</li> <li>• Premiums, costs tied to income</li> </ul>	<ul style="list-style-type: none"> <li>• Allows buy-in to Medicaid, Medicare</li> <li>• Keeps current private market intact</li> </ul>
Issues	<ul style="list-style-type: none"> <li>• Will require new tax revenue to fund</li> <li>• Provider payment based on Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• Will require new tax revenue to fund</li> <li>• Provider payment based on Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• Premiums based on actual plan costs</li> <li>• Provider payment based on Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• Medicaid buy-in for expansion states</li> <li>• Medicare – not ACA – benefits apply</li> </ul>

Figure 1.

## Designing a Single-Payer Health Care System



Source: Congressional Budget Office.

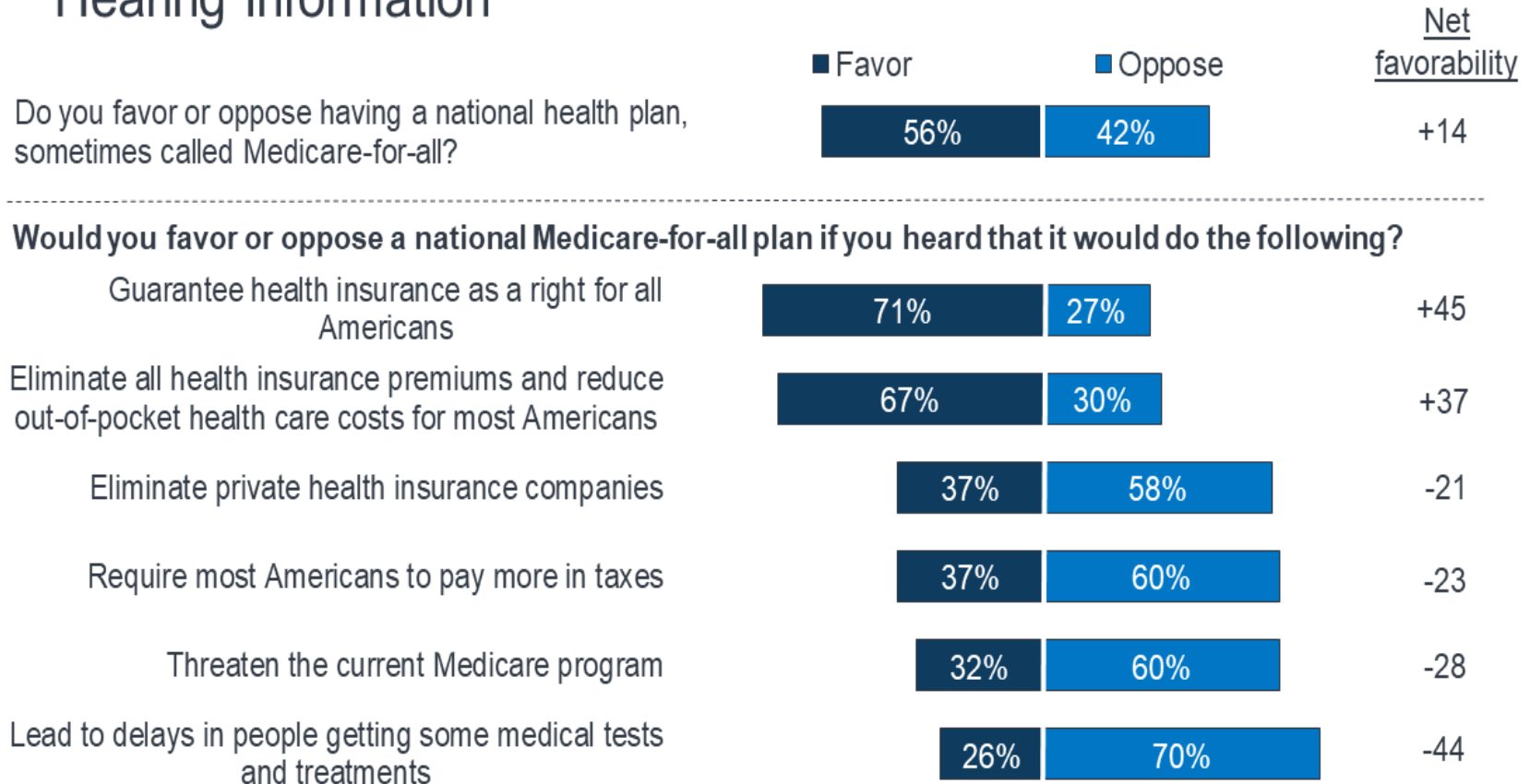
IT = information technology.

<https://www.cbo.gov/system/files/2019-05/55150-singlepayer.pdf>

# Kaiser Polling on Medicare-for-All

Figure 6

## Public's Views Of Medicare-For-All Can Shift Significantly After Hearing Information



SOURCE: KFF Health Tracking Poll (conducted January 9-14, 2019). See topline for full question wording and response options.

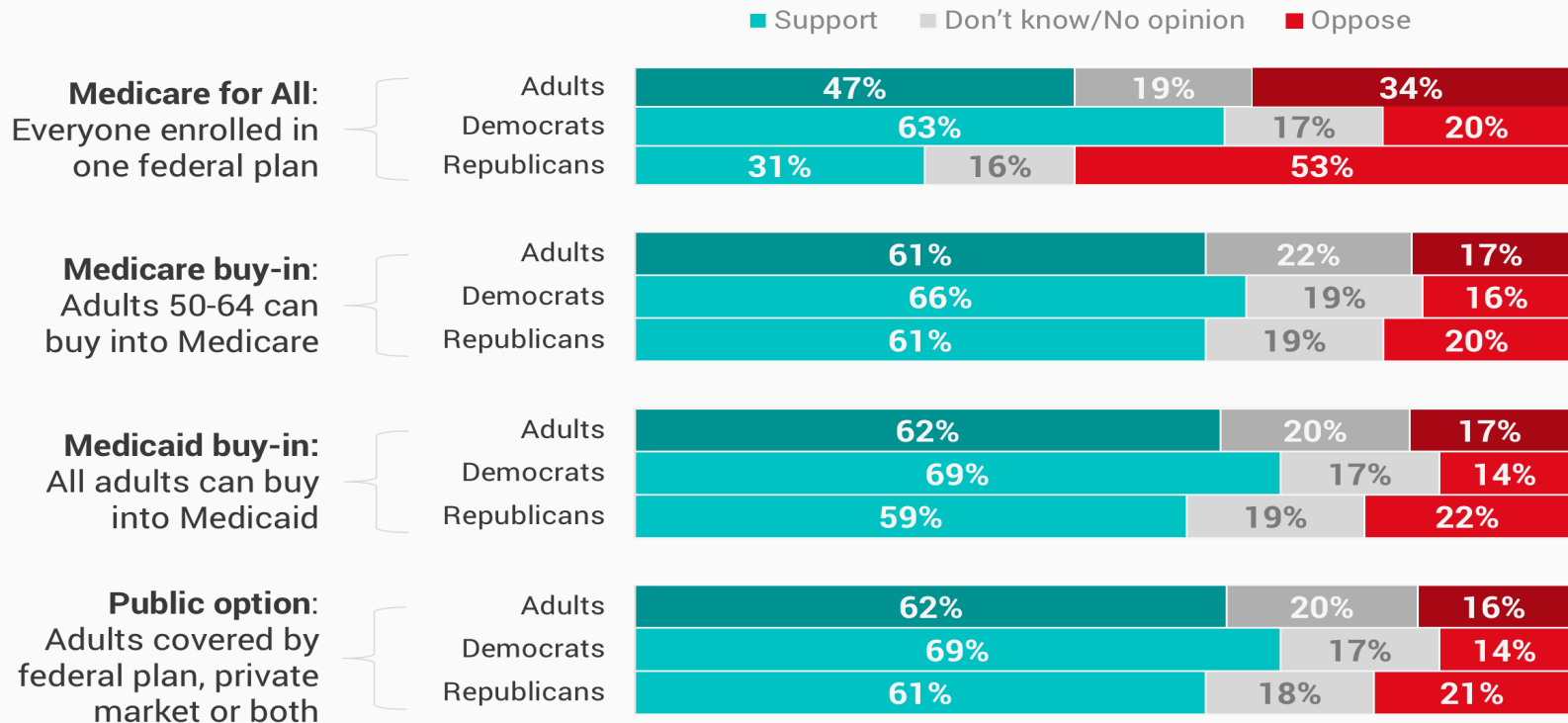


<https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-january-2019/>

# Morning Consult Polling on Democratic Proposals

## On Health Care, Americans Are Ready for Reform — but Not a Complete Remodel

Share of U.S. adults who support or oppose the following proposed health care systems:



# What's Next in Health Policy?



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Florida Blue 

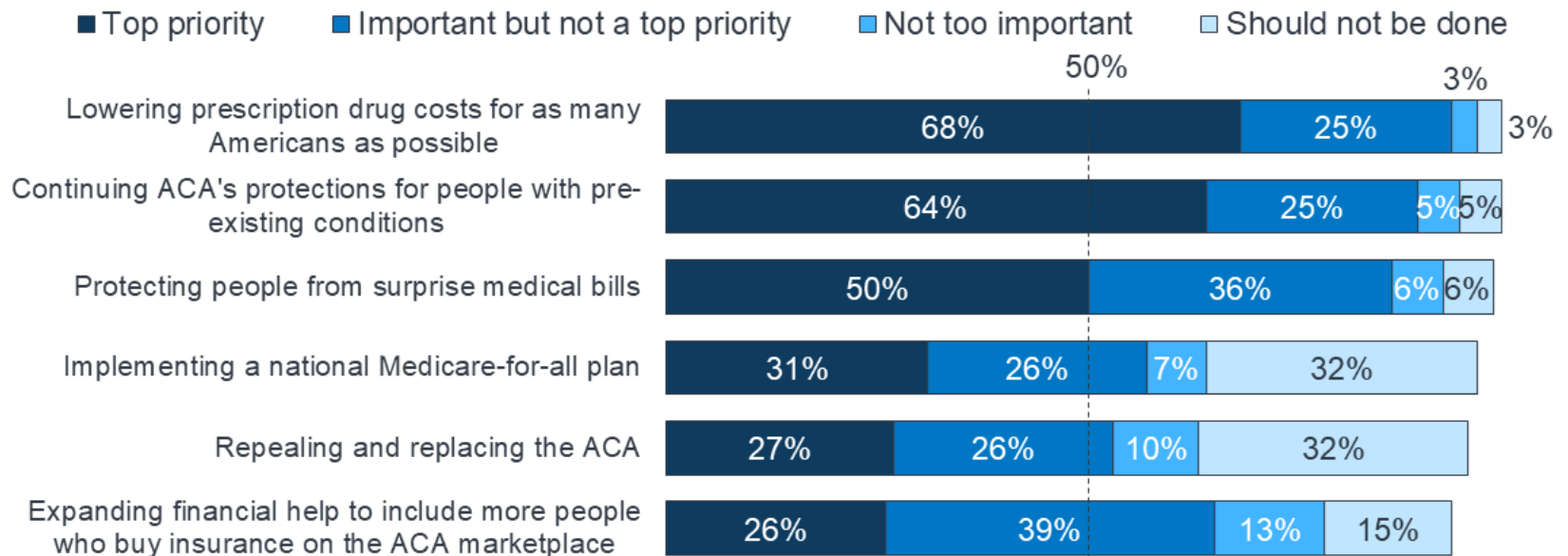
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# Kaiser Polling on Health Care Priorities

Figure 1

## Two-Thirds Say Lowering Drug Costs And Continuing ACA's Pre-Existing Conditions Protections Should Be Top Priorities

Should each of the following be a top priority, important but not a top priority, not too important, or should it not be done?

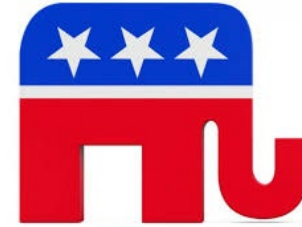


SOURCE: KFF Health Tracking Poll (conducted April 11-16, 2019). See topline for full question wording and response options.



[https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-april-2019/?utm\\_campaign=KFF-2019-polling-surveys&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=72011022&\\_hsenc=p2ANqtz--3cDQjlgK3e1UKav72UE7xIYrwbLfM1pefejF2ubohf0yqiyyup09Ntn93-4PmACwokgkRsgsmi1d\\_Mrsc1LuXuUP1A&\\_hsmi=72011022](https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-april-2019/?utm_campaign=KFF-2019-polling-surveys&utm_source=hs_email&utm_medium=email&utm_content=72011022&_hsenc=p2ANqtz--3cDQjlgK3e1UKav72UE7xIYrwbLfM1pefejF2ubohf0yqiyyup09Ntn93-4PmACwokgkRsgsmi1d_Mrsc1LuXuUP1A&_hsmi=72011022)

# A Tale of Two Parties: Federal Health Care Reform



## Democrats

- Have introduced legislation to strengthen the ACA by expanding premium tax credits to all income levels, reinforcing pre-existing condition protections, rescinding non-ACA compliant plans, restoring Marketplace outreach funding
- Long-term approach unclear based on divisions within party – build on ACA, establish a public option or program buy-in, or move to single payer?
- Lack of consensus in the 2020 election cycle will negatively impact Democrats – just as the lack of a cohesive “repeal and replace” strategy damaged Republicans

## Republicans

- Emphasis will be on items that lower consumer costs: support for non-ACA compliant plan options, lower drug prices, eliminate surprise bills, expand use of HSA funds
- Even with recent legal setbacks, President Trump likely to pursue changes through executive actions, while HHS Secretary Alex Azar has administrative flexibility regarding ACA policies
- President Trump has declared that the Republicans will be “the party of health care” and introduce another repeal and replace plan after the 2020 elections

# Questions



Kelly James  
Director, Florida Blue Center for Health Policy  
[kelly.james@bcbsfl.com](mailto:kelly.james@bcbsfl.com)  
(904) 905-5742