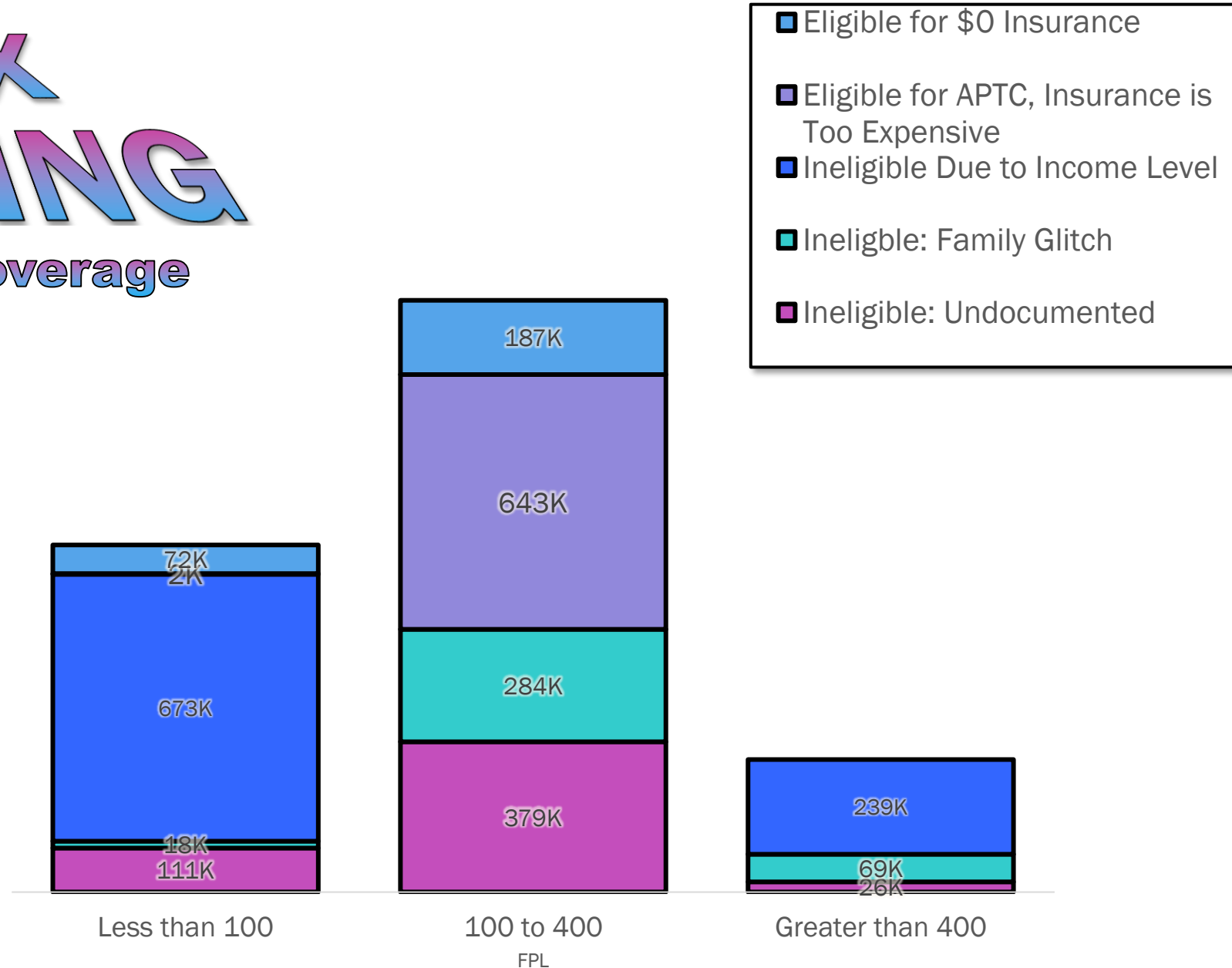


LEGISLATIVE AND REGULATORY UPDATE ON ACA MARKETS

J. GABRIEL MCGLAMERY
SR. HEALTH POLICY CONSULTANT
FLORIDA BLUE CENTER FOR HEALTH POLICY

LET'S FIX EVERYTHING

The Path to Universal Coverage



A sea lion is sitting on a wooden dock, looking up and to the right. The background is a bright blue body of water. There are five speech bubbles around the sea lion. Three on the left contain text about naming a rescue plan. Three on the right and one at the bottom right contain the word 'ARP!' or 'ARP it is!'.

Should we call the American Rescue Plan **A.R.P.** or **“ARP”**?

A.R.P. is easily confused with A.A.R.P., but...

If we call it **“ARP”** we'll sound like a bunch of sea lions.

ARP!

ARP!

ARP!

ARP it is!

ARP

THE AMERICAN RESCUE PLAN



THE ARP PROVISIONS I CARE ABOUT



ARP!

is huge - \$1.9 trillion.

Let's focus on the provisions that affect the individual market premium subsidies.



Sec. 9663

Premium Tax Credits for Individuals
Receiving Unemployment Assistance



Sec. 9661

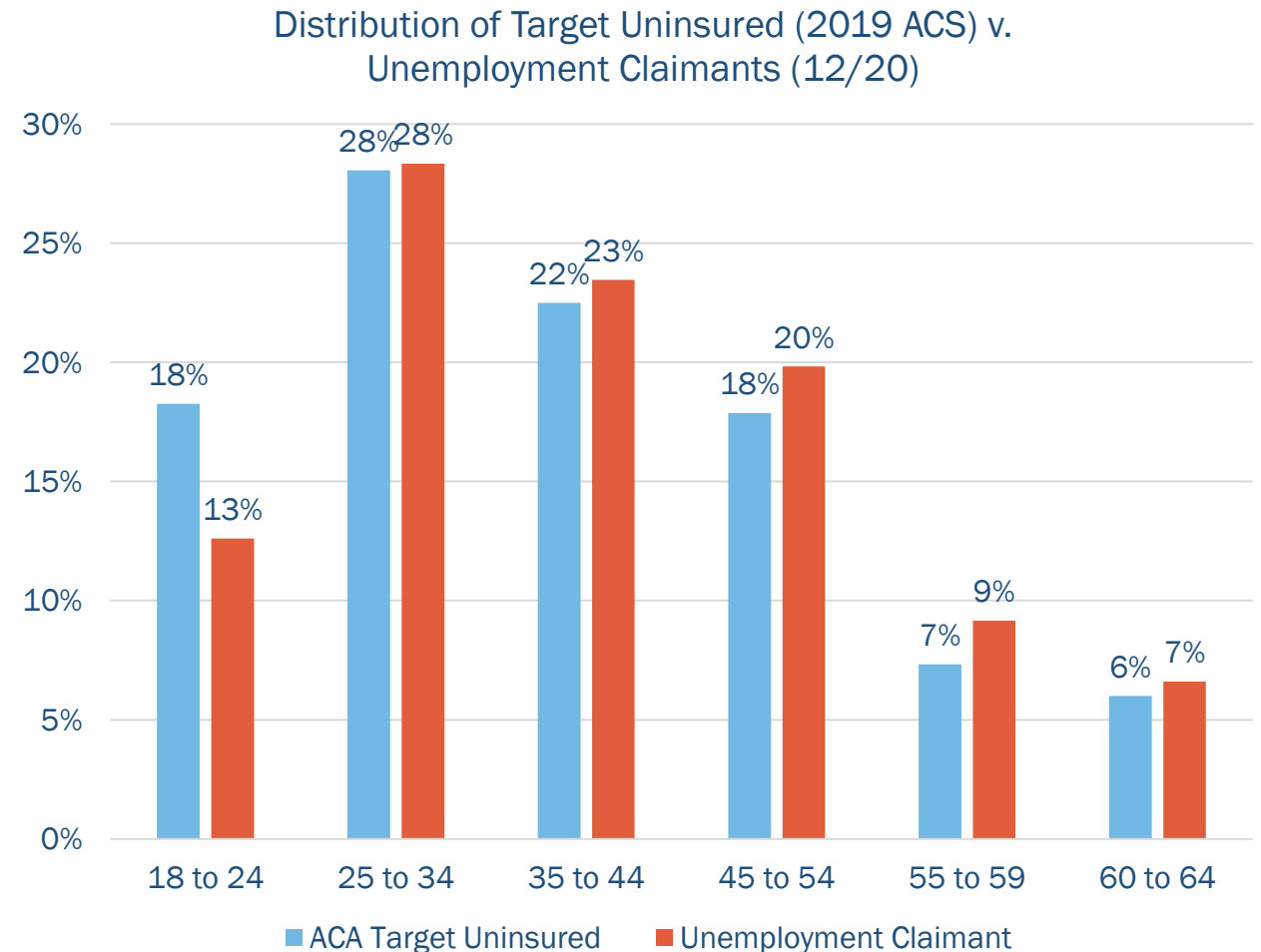
Expanding Premium Tax Credits

SEC. 9663: UNEMPLOYMENT ASSISTANCE = \$0 BENCHMARK COVERAGE



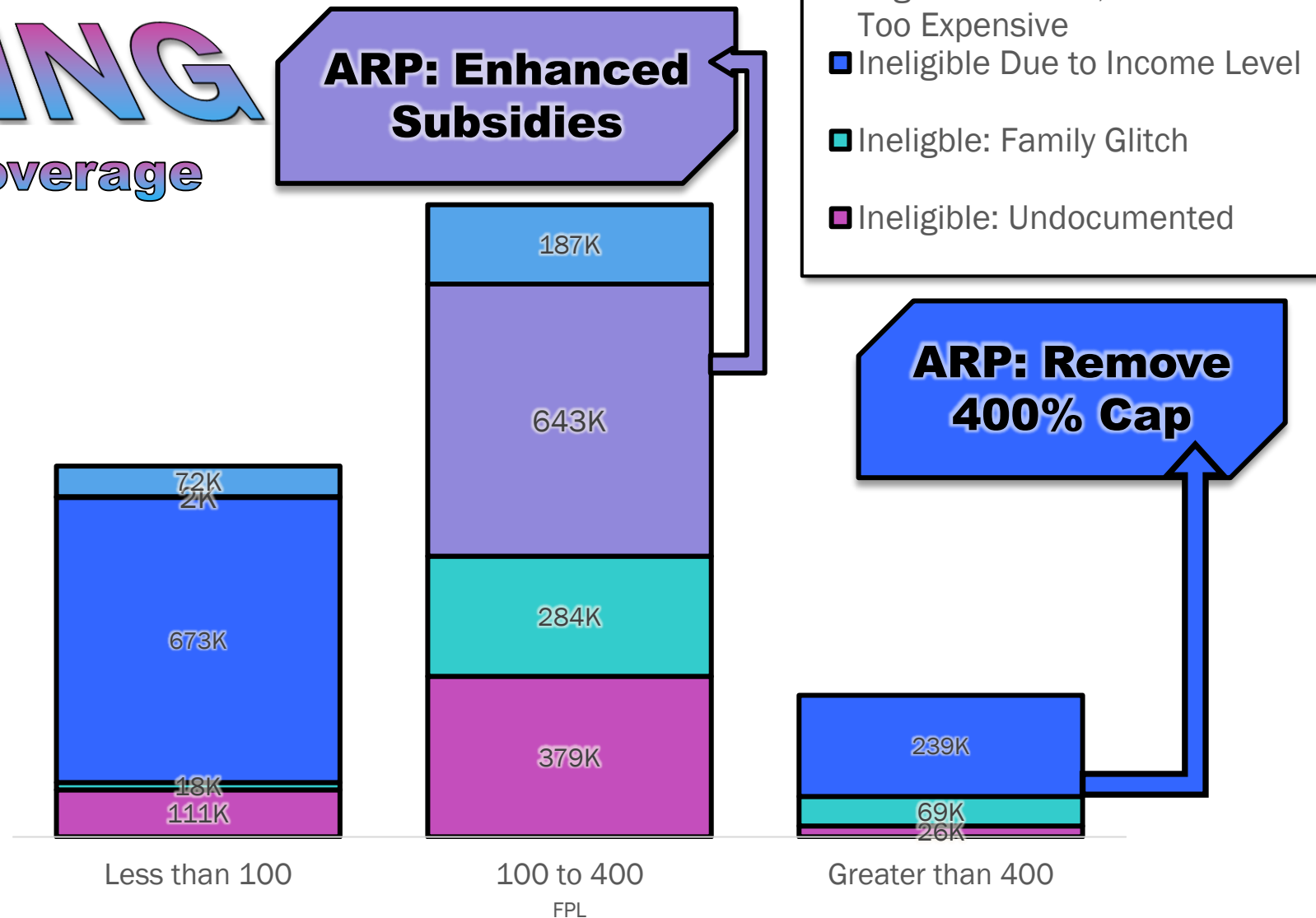
If you receive any Federal
Unemployment Assistance in 2021:

- Your household is treated as 133% FPL for PTC and CSR.
- Everyone gets \$0 benchmark coverage and a 94% AV CSR plan.
- This should be implemented July 1. Enrollees can qualify by updating their income or changing plans.
- This will also apply to PTC at tax time.
- This will use an attestation process.



LET'S FIX EVERYTHING

The Path to Universal Coverage





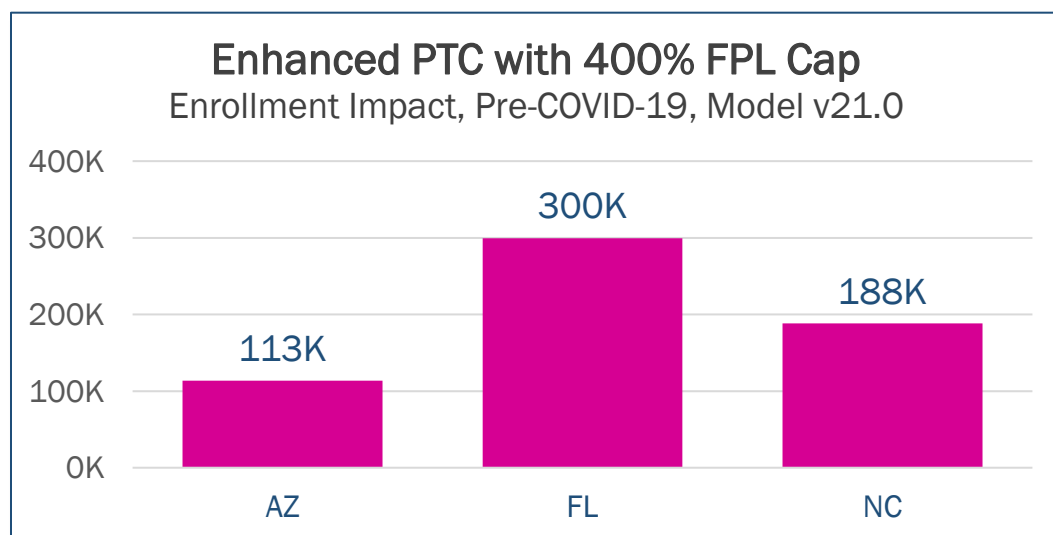
SEC. 9661:

ENHANCED TAX CREDITS & ELIGIBILITY

ARP enhances subsidy value and expands premium subsidy eligibility:

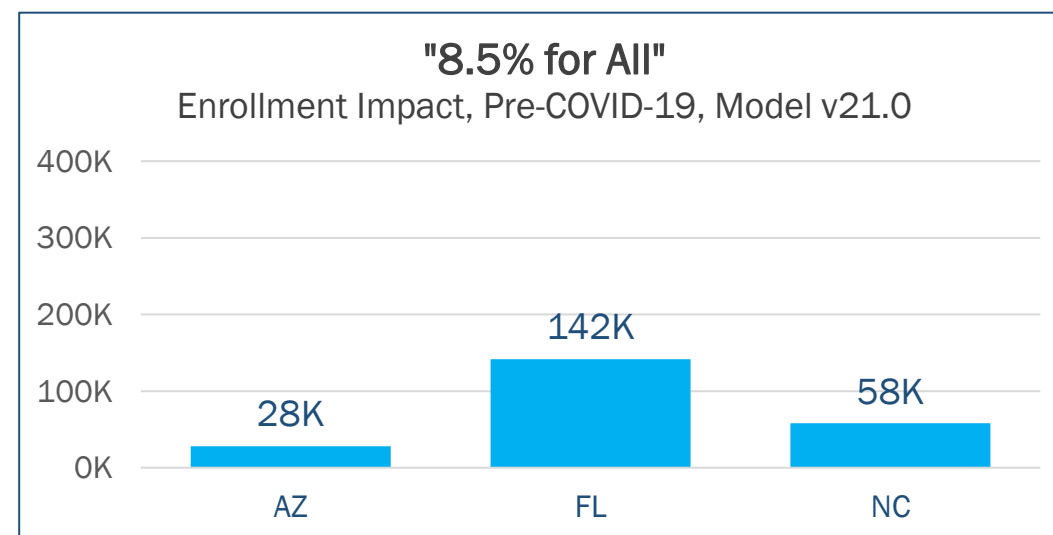
1. Increased Value

Lowers the percent of income a person must pay for the benchmark plan.



2. Increased eligibility

Removes the 400% cap on subsidy eligibility.

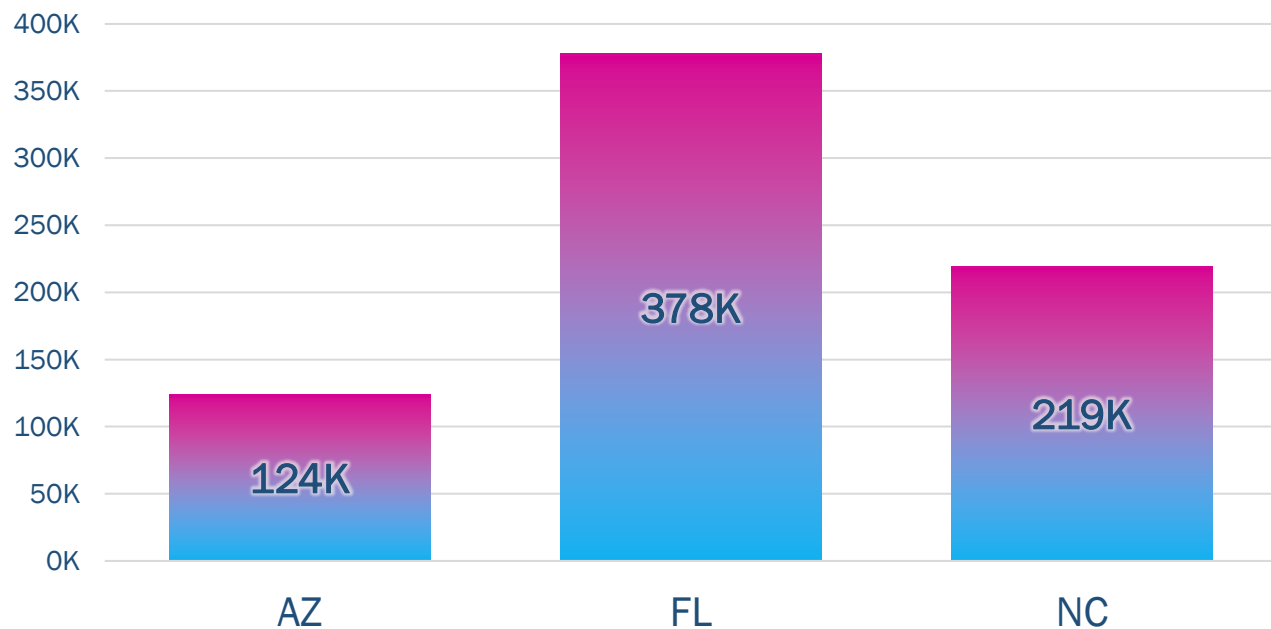




SEC. 9661: ENHANCED TAX CREDITS & ELIGIBILITY

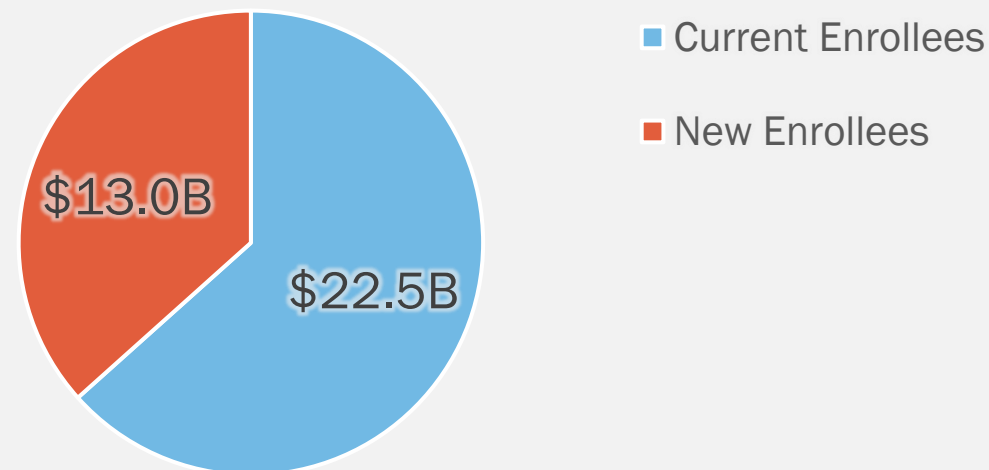
Projected Enrollment with American Rescue Plan

Pre-COVID-19, Model v21.0



ARP Magnifies Existing Enrollment Dynamics

ARP Sec. 9661 Spending
National, CBO





SEC. 9661: ENHANCED TAX CREDITS & ELIGIBILITY

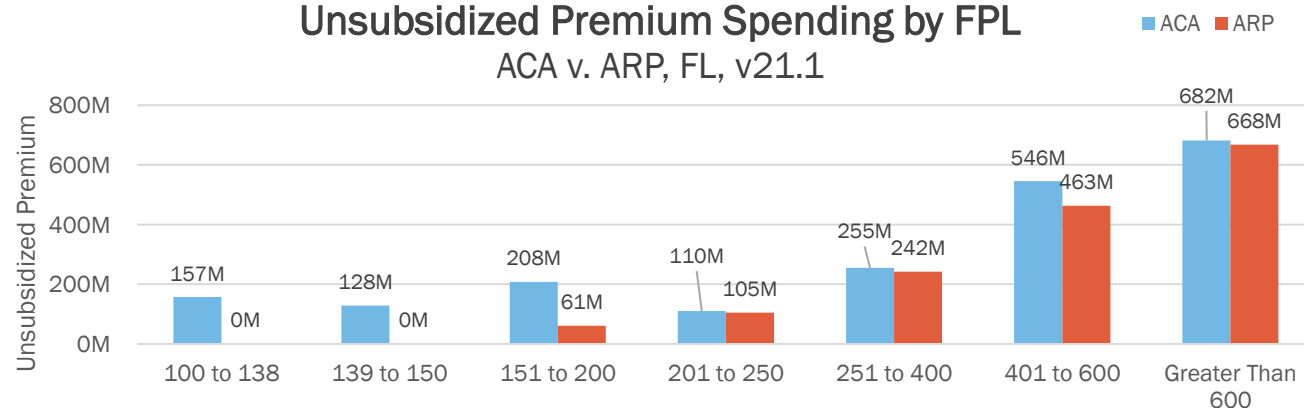
WHO BENEFITS FROM ARP?

Applicable Percentage Table (Enrollee Share of Premium)

| Original ACA | | | | American Rescue Plan | |
|---------------|---------|---------|-------|----------------------|-------|
| Floor | Ceiling | Initial | Final | Initial | Final |
| Up to 133% | | 2.07% | 2.07% | 0.00% | 0.00% |
| 133% | 150% | 3.10% | 4.14% | 0.00% | 0.00% |
| 150% | 200% | 4.14% | 6.52% | 0.00% | 2.00% |
| 200% | 250% | 6.52% | 8.33% | 2.00% | 4.00% |
| 250% | 300% | 8.33% | 9.83% | 4.00% | 6.00% |
| 300% | 400% | 9.83% | 9.83% | 6.00% | 8.50% |
| 400% and Over | | N/A | | 8.50% | |

- ARP does not change subsidy methodology,
- ARP reduced cost lower-income enrollees (under 200%) and for some higher income enrollees (over 400%).
- There was not much impact from 250 to 400, and the impact over 400% was limited to the oldest individuals.

Unsubsidized Premium Spending by FPL
ACA v. ARP, FL, v21.1





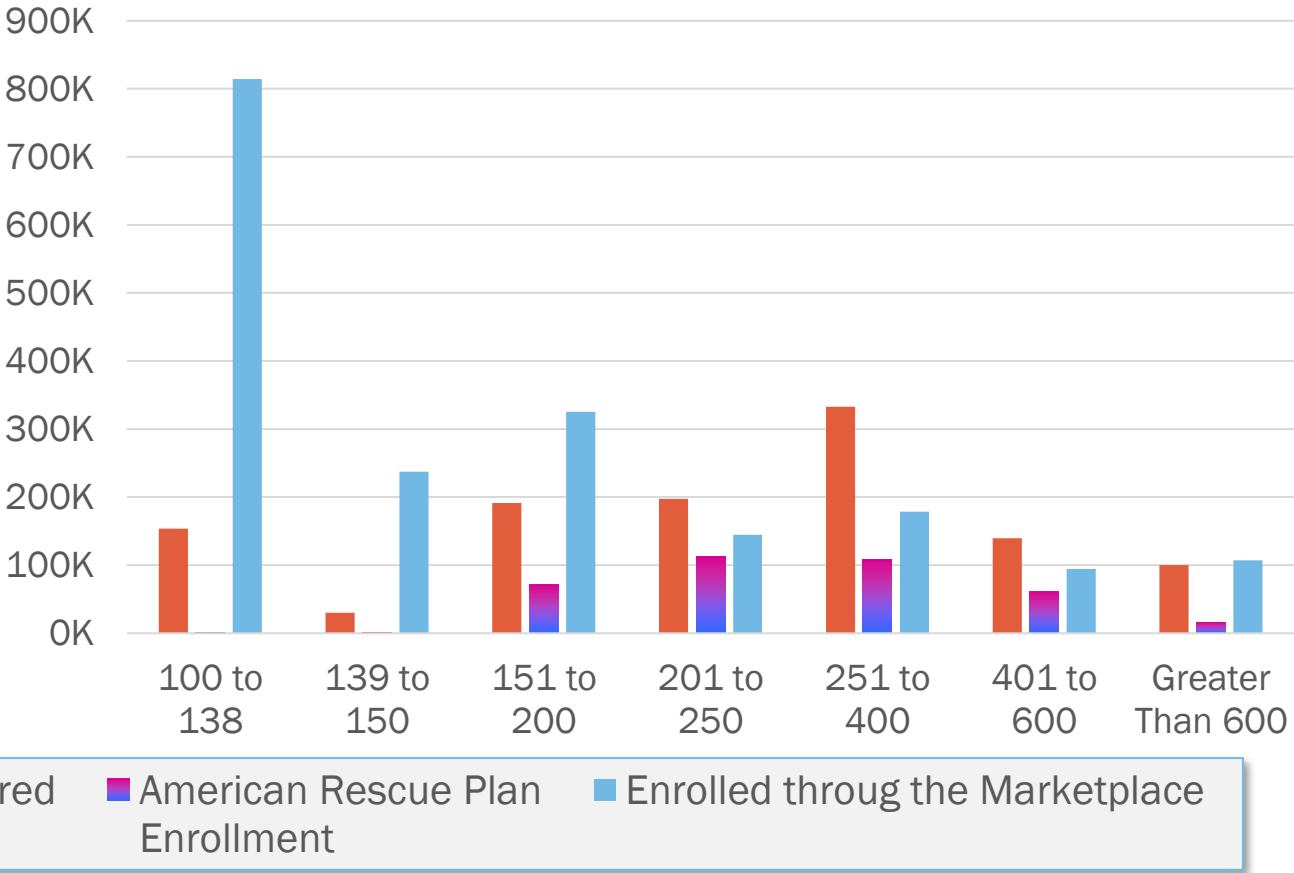
SEC. 9661: ENHANCED TAX CREDITS & ELIGIBILITY

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Uninsured v. ARP v. ACA

Uninsured does not include Undocumented, <100% FPL, or Family Glitch; FL; Model v21.1

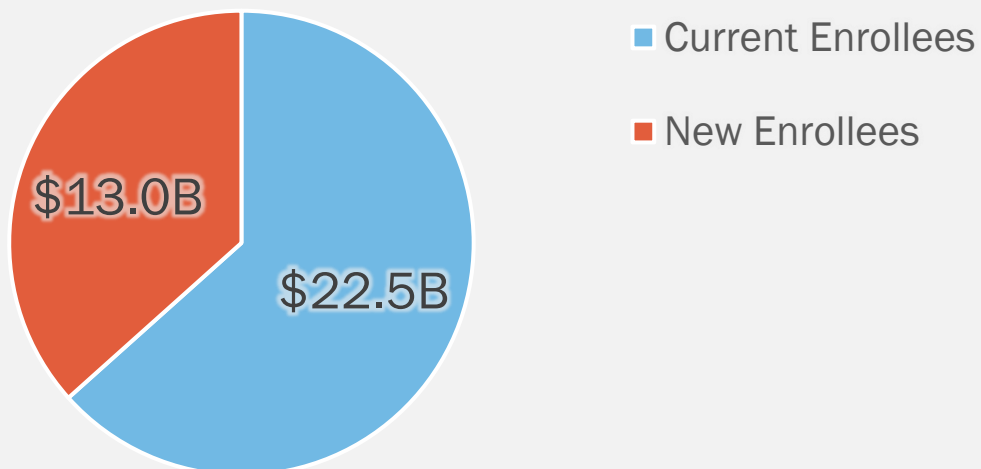




SEC. 9661: ENHANCED TAX CREDITS & ELIGIBILITY WHO BENEFITS FROM ARP?

ARP Magnified Existing Enrollment Dynamics

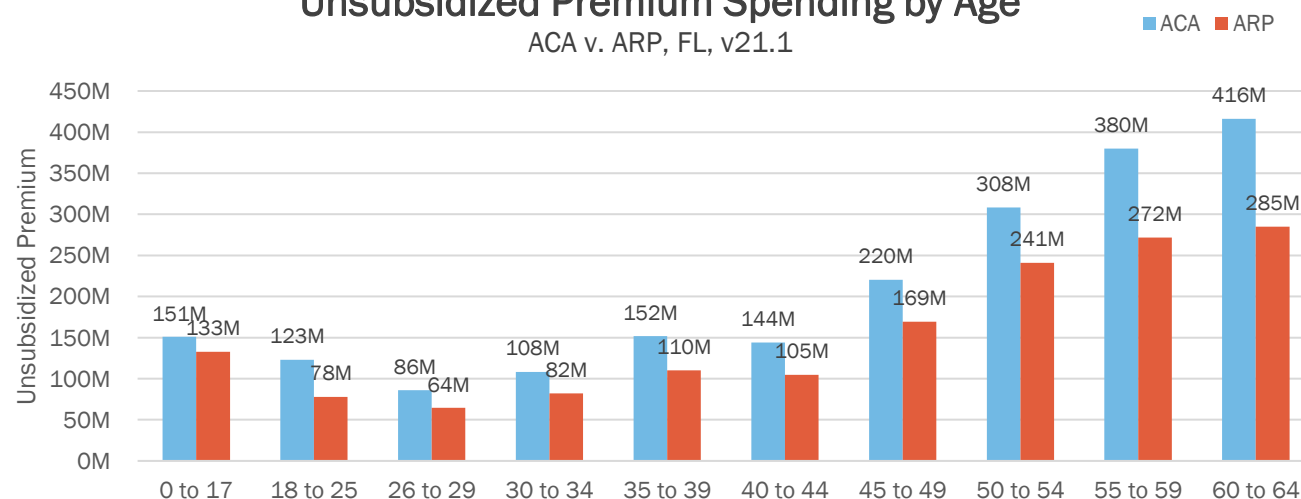
ARP Sec. 9661 Spending
National, CBO



- ARP does not change subsidy methodology,
- ARP reduces cost for older and lower-income enrollees or increases the value of their coverage.
- People who received little assistance from the ACA do not do much better under ARP.

Unsubsidized Premium Spending by Age

ACA v. ARP, FL, v21.1

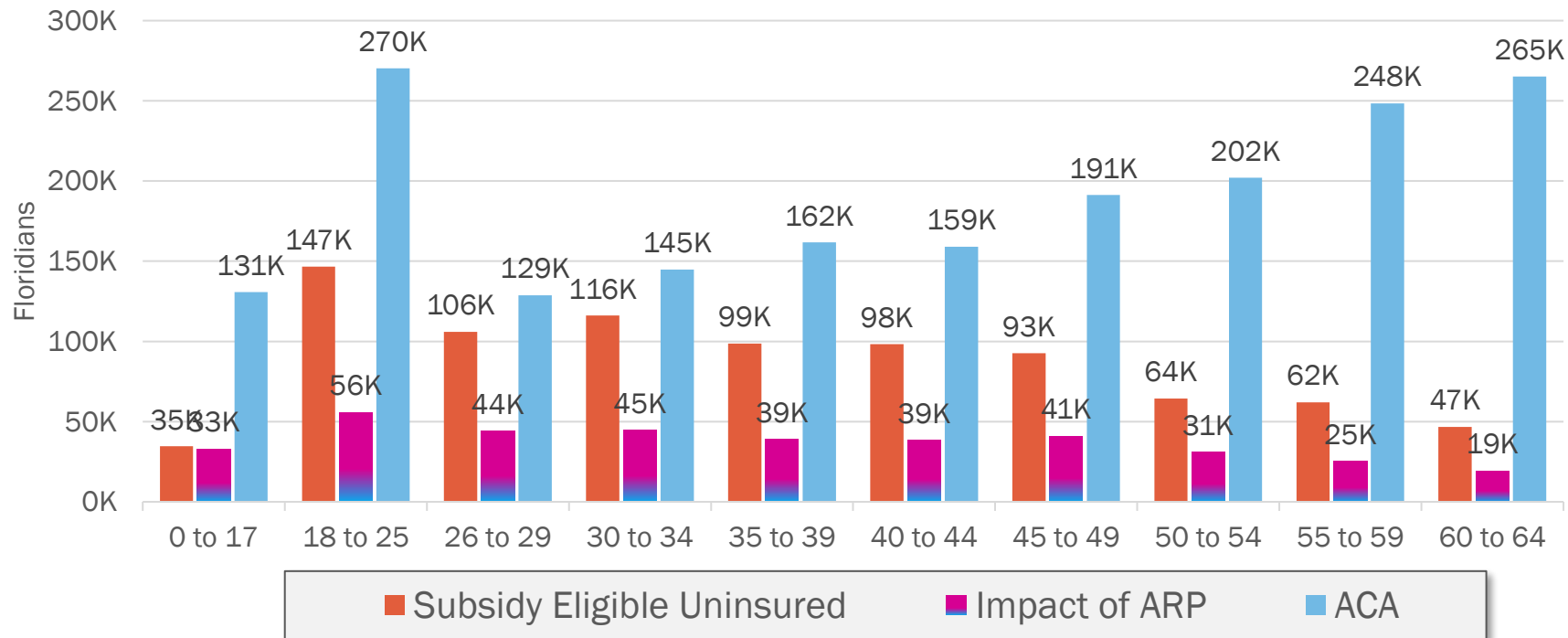




SEC. 9661: ENHANCED TAX CREDITS & ELIGIBILITY

Uninsured v. ARP v. ACA

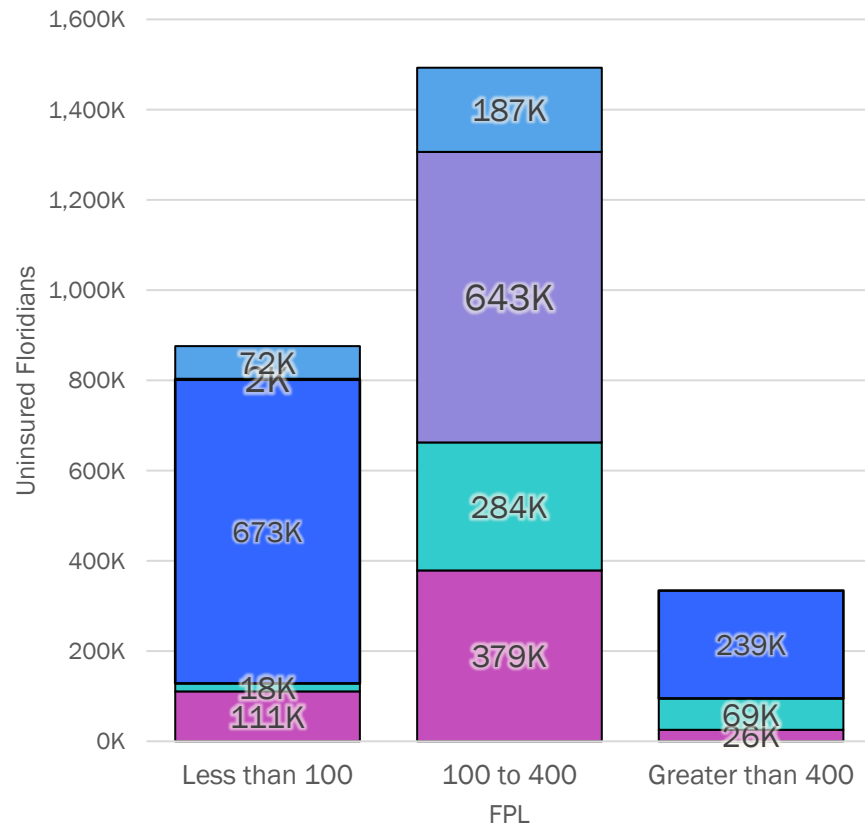
Uninsured does not include Undocumented,
<100% FPL, or Family Glitch; FL; Model v21.1



- ARP does not address ACA subsidy bias towards older and lower-income uninsured.
- People in their early twenties are more likely <150% FPL and benefit from generous ACA and ARP subsidies.
- After ARP, remaining uninsured are <50yo and over 250% FPL or are not enrolling in \$0 coverage.

LET'S FIX EVERYTHING

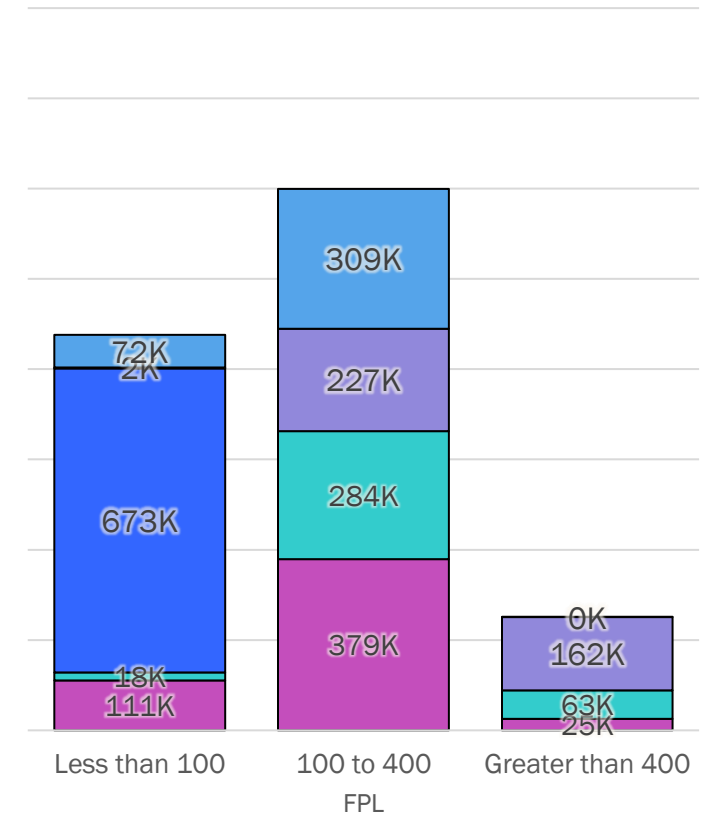
Uninsured in Florida Under the ACA



ARP: Enhanced Subsidies

ARP: Remove 400% Cap

Uninsured in Florida Under ARP



■ Ineligible: Undocumented
■ Ineligible Due to Income Level
■ Eligible for \$0 Insurance

■ Ineligible: Family Glitch
■ Eligible for APTC, Insurance is Too Expensive



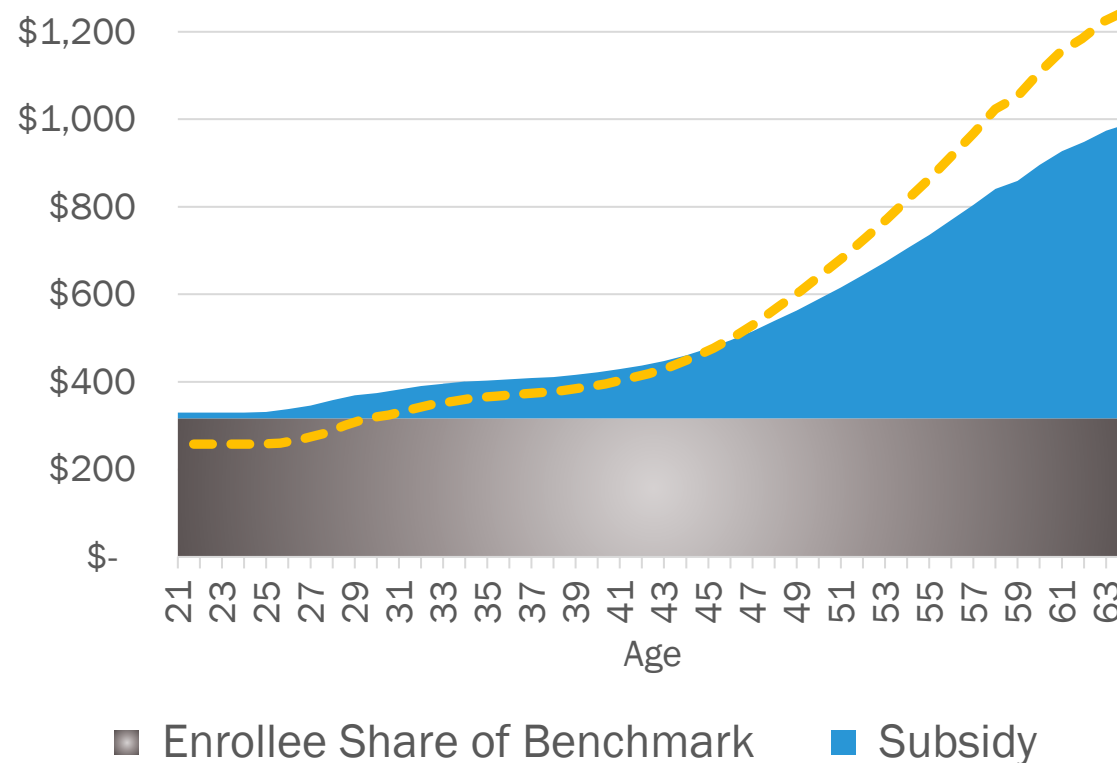
How is the ACA Subsidy Age Biased?

21-Year-Old Enrollee Premium x 1

\$330 Benchmark Premium
\$13 Premium Subsidy
\$317 Enrollee's Share

\$317 Enrollee's Share
\$198 Mean Value (5:1)
\$(-69) Value Proposition

Premium Subsidy Calculation by Age



64-Year-Old Enrollee Premium x 3

\$990 Benchmark Premium
\$673 Premium Subsidy
\$317 Enrollee's Share

\$317 Enrollee's Share
\$1,238 Mean Value (5:1)
\$921 Value Proposition

- “Mean Value” is based on a 5:1 premium distribution, using 46 as the average age.
- This illustration is based on 300% FPL for a single individual.



How is the ACA Subsidy Age Biased?

21-Year-Old Enrollee Premium x 1

\$264 Bronze Premium

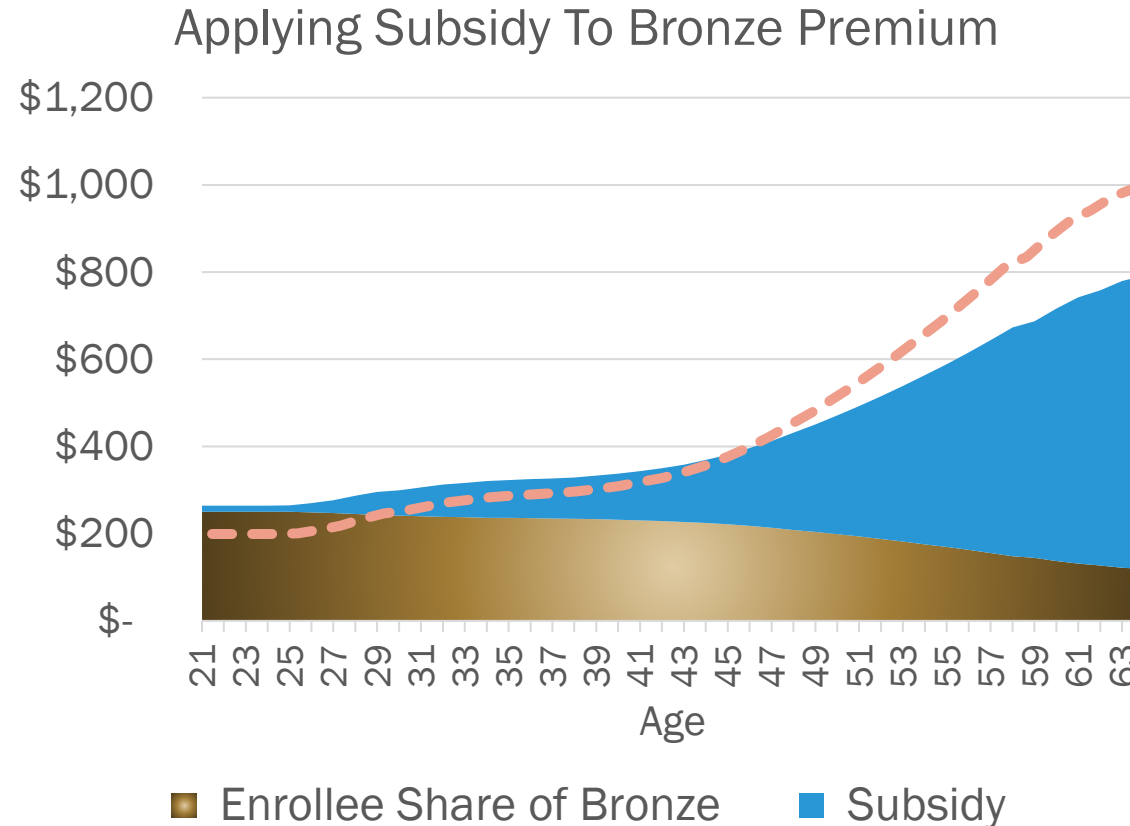
\$13 Premium Subsidy

\$251 Enrollee's Share

\$251 Enrollee's Share

\$198 Mean Value (5:1)

\$(53) Value Proposition



64-Year-Old Enrollee Premium x 3

\$792 Bronze Premium

\$673 Premium Subsidy

\$119 Enrollee's Share

\$119 Enrollee's Share

\$990 Mean Value (5:1)

\$871 Value Proposition

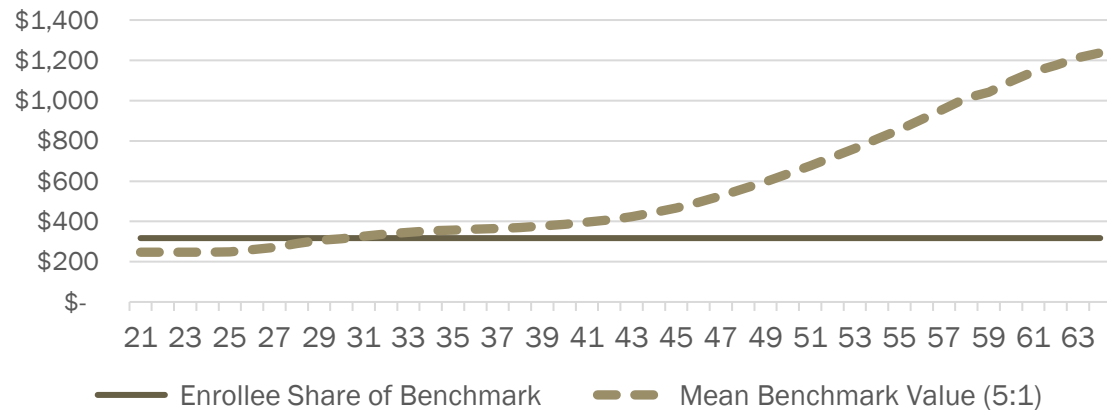
- Bronze is 80% of silver to reflect silver loading and risk adjustment dynamics.



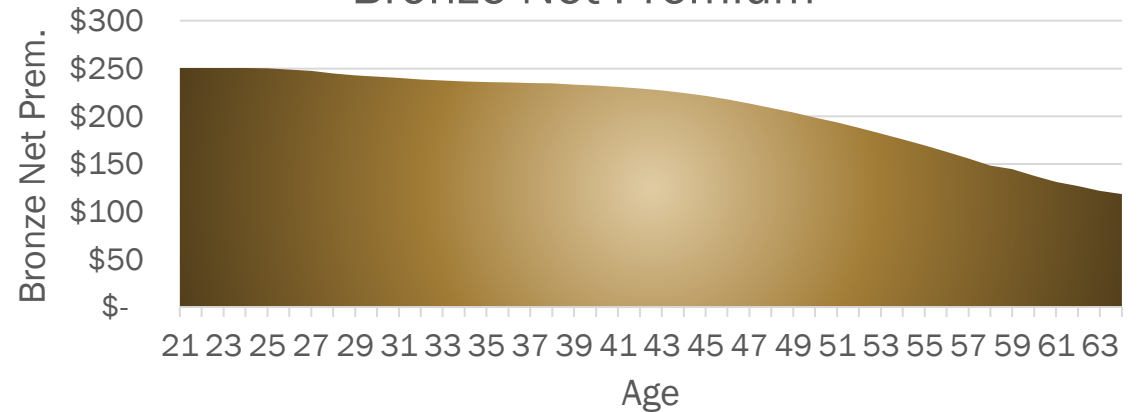
Can you explain with less math?

1. Coverage gets more affordable as you get older.
2. Coverage gets more valuable as you get older.

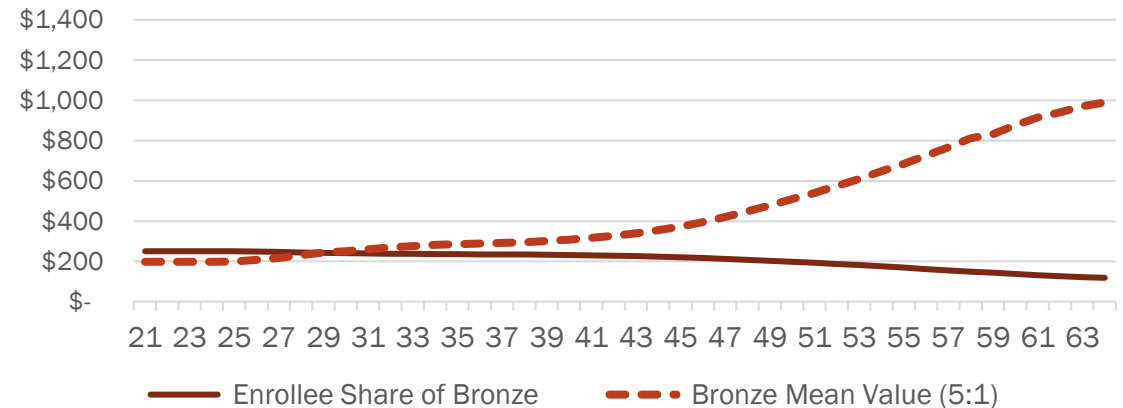
Benchmark Cost v. Value



Bronze Net Premium



Bronze Cost v. Value



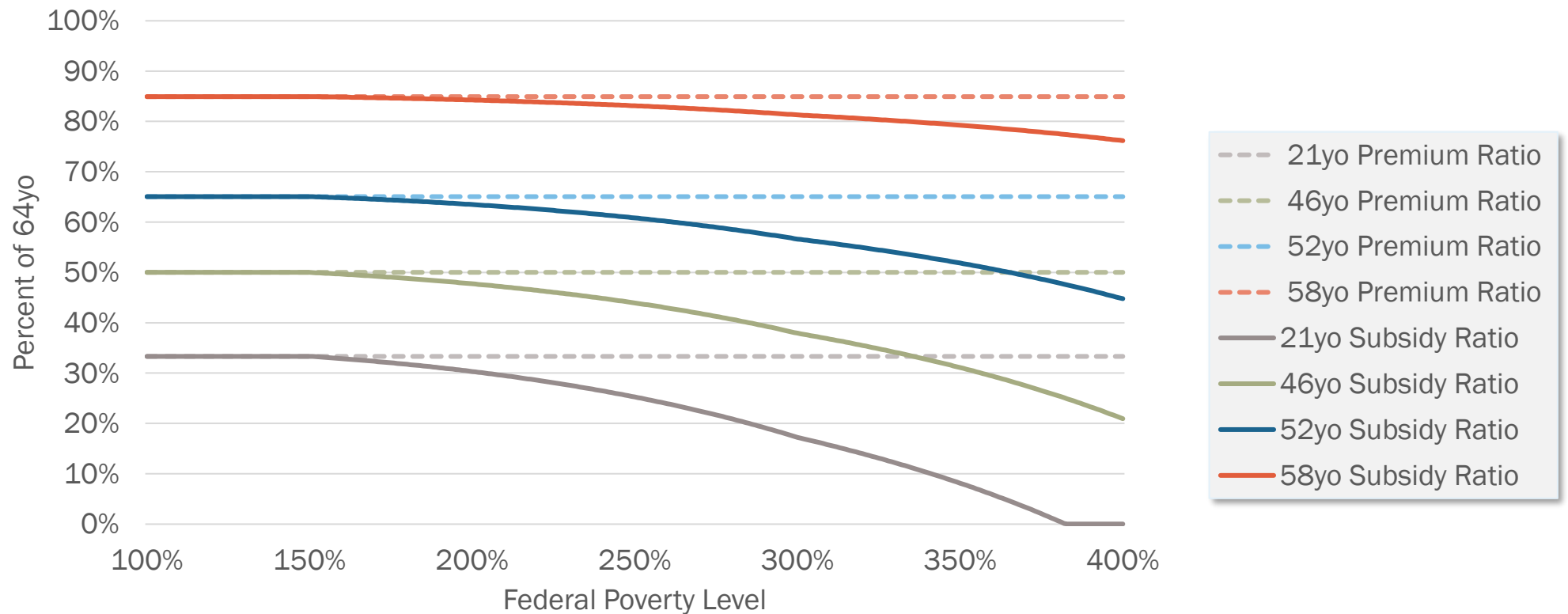


Do you have more charts showing age inequity?

Premium and Subsidy Ratios

Various Ages Compared to 64yo

Lowest Silver, Broward, FL, 2021



LET'S FIX EVERYTHING

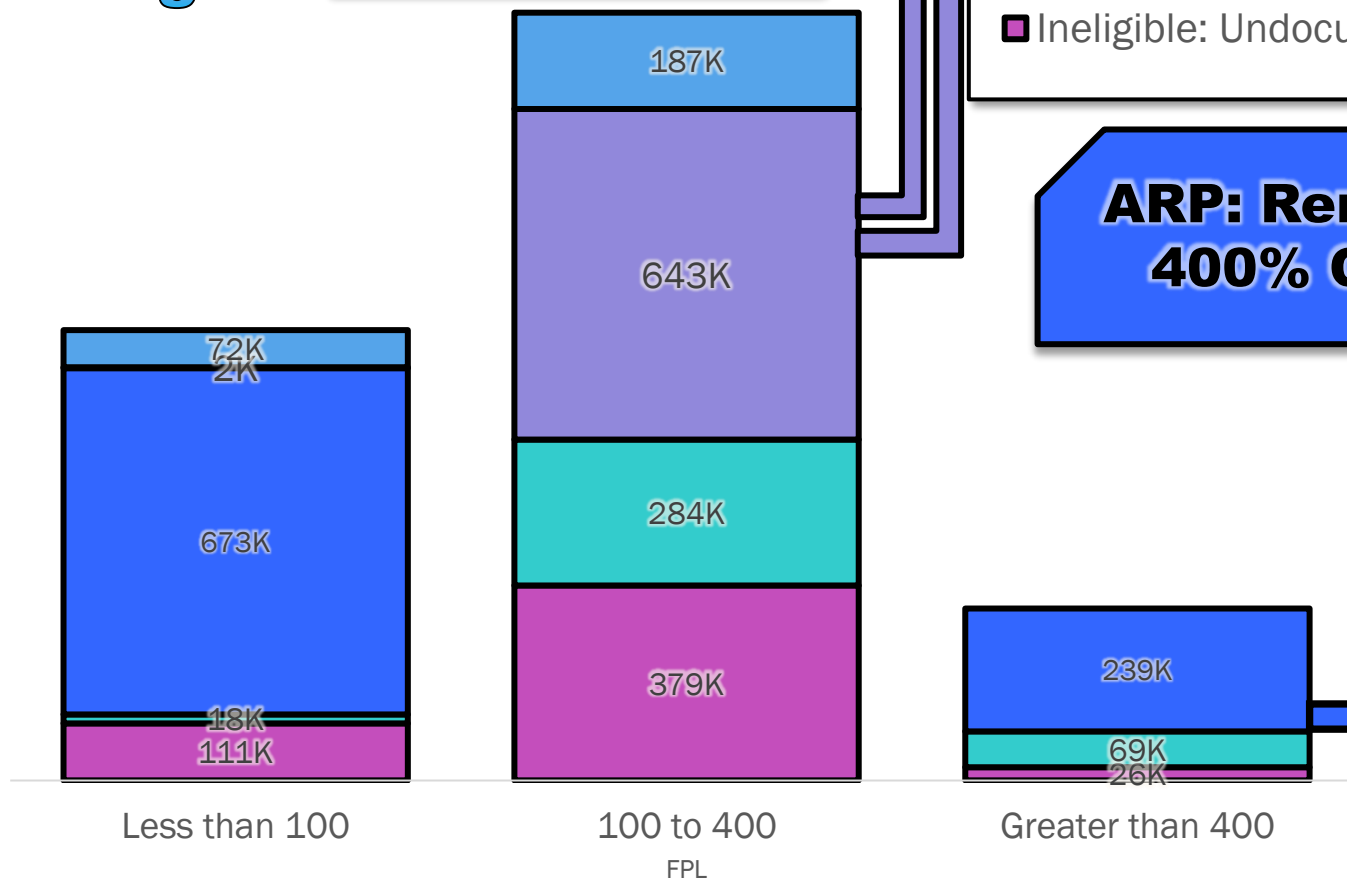
The Path to Universal Coverage

HIMAA: Age Inequity Fix

ARP: Enhanced Subsidies

- Eligible for \$0 Insurance
- Eligible for APTC, Insurance is Too Expensive
- Ineligible Due to Income Level
- Ineligible: Family Glitch
- Ineligible: Undocumented

ARP: Remove 400% Cap





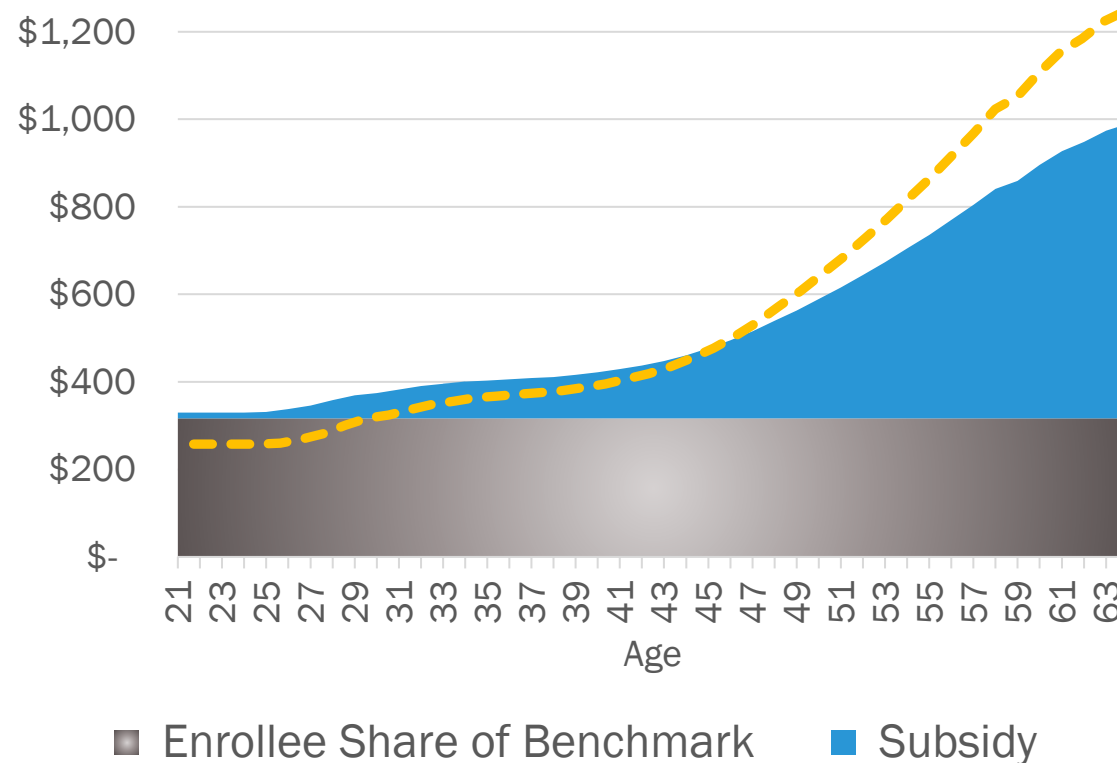
Ok, Smarty Pants, How Would You Fix It?

21-Year-Old Enrollee ACA

\$330 Benchmark Premium
\$13 Premium Subsidy
\$317 Enrollee's Share

\$317 Enrollee's Share
\$198 Mean Value (5:1)
\$(-69) Value Proposition

Premium Subsidy Calculation by Age



21-Year-Old Enrollee HIMAA

\$330 Benchmark Premium
\$226 Premium Subsidy
\$106 Enrollee's Share

\$106 Enrollee's Share
\$198 Mean Value (5:1)
\$142 Value Proposition

- Health Insurance Marketplace Accessibility Act (HIMAA), HR 6545 (116th)
- Enrollee Share of Benchmark = (Enrollment Group Avg. Age Rate/3)*Old Enrollee Share



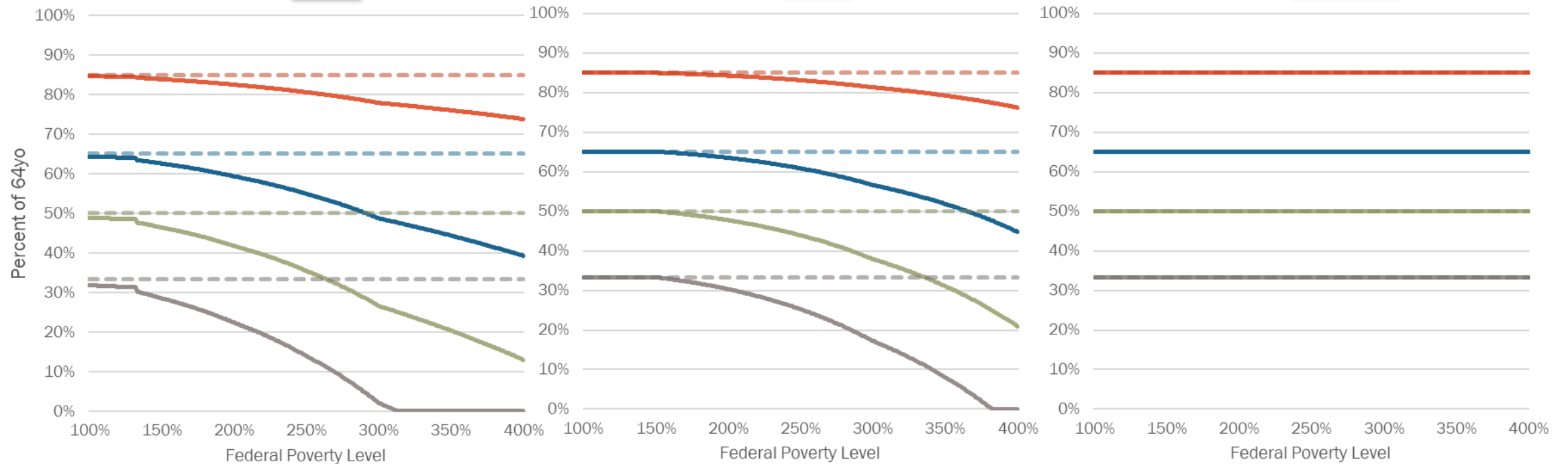
I don't get it.

Premium and Subsidy Ratio
Various Ages Compared to 64yo
Lowest Silver, Broward, FL, 2021

ACA

ARP

HIMAA

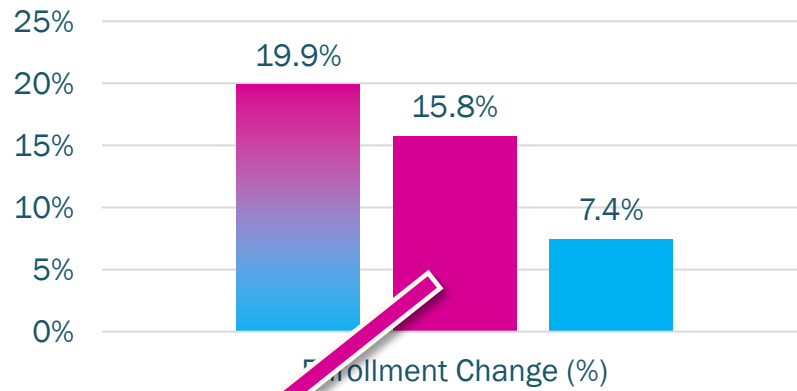


58yo Subsidy Ratio 58yo Premium Ratio 52yo Subsidy Ratio 52yo Premium Ratio
46yo Subsidy Ratio 46yo Premium Ratio 21yo Subsidy Ratio 21yo Premium Ratio

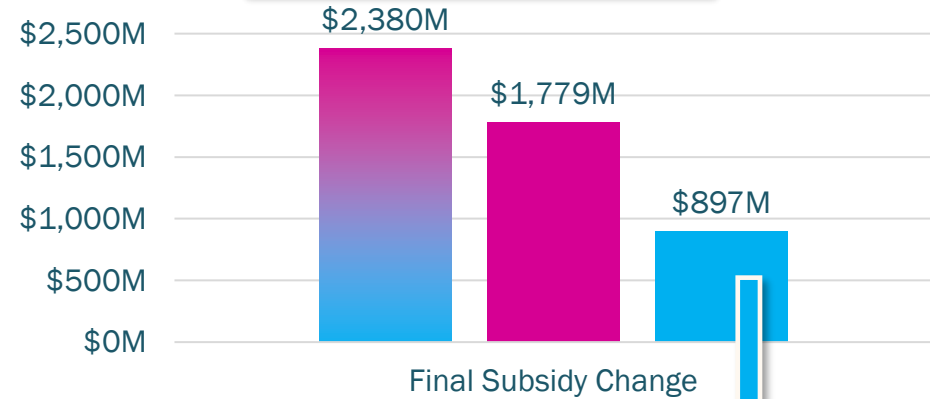


Did ARP Fix Age Inequity? (No)

Percent Change in Enrollment
Florida, Model v21



Net Cost to Treasury
Florida, Model v21



■ ARP ■ ARP (Keep the 400% Cap) ■ 8.5% for All



ARP adds enrollment,
but pays a lot for it.

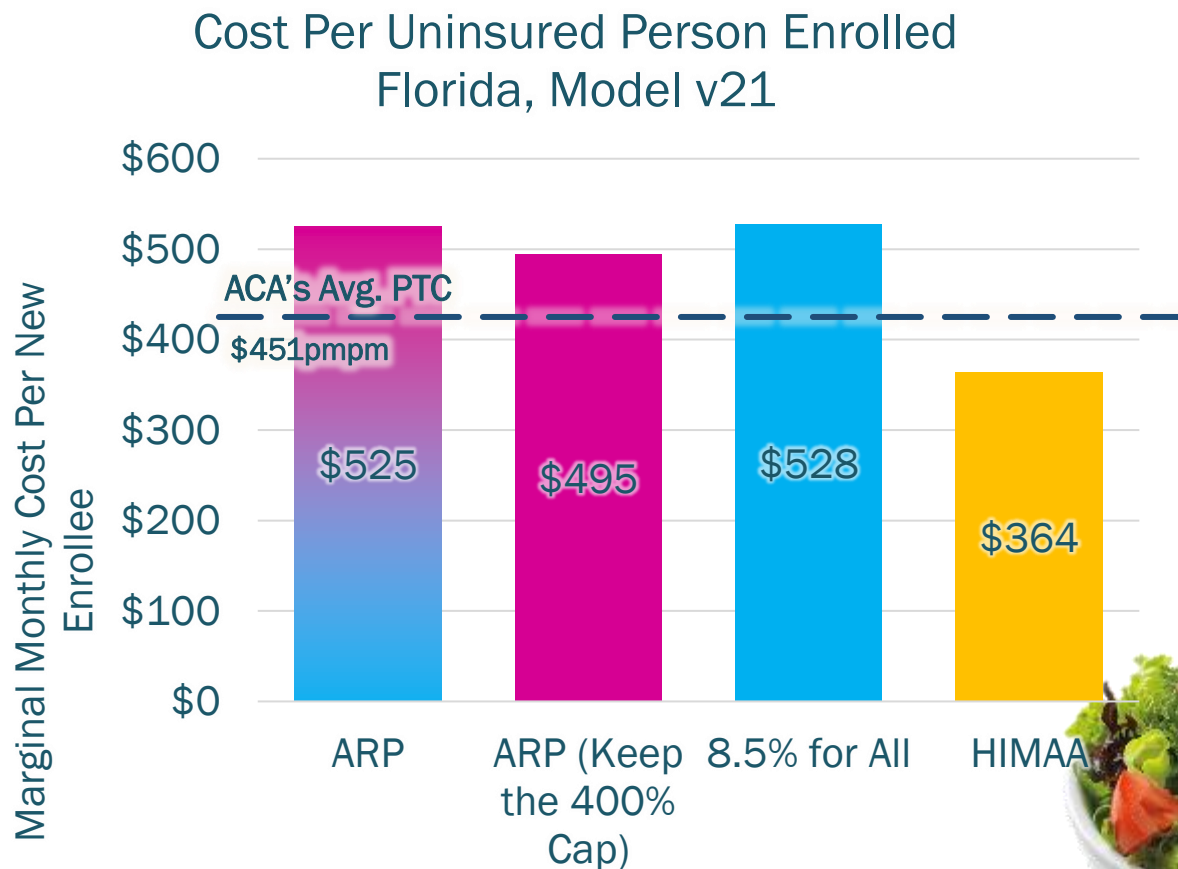




What would Fixing Age Inequity Do?

ARP is a Burger & Fries
HIMAA is a salad:

- Nutritious Enrollment
- Low calorie Spending
- Not as appetizing as “make the numbers bigger” proposals



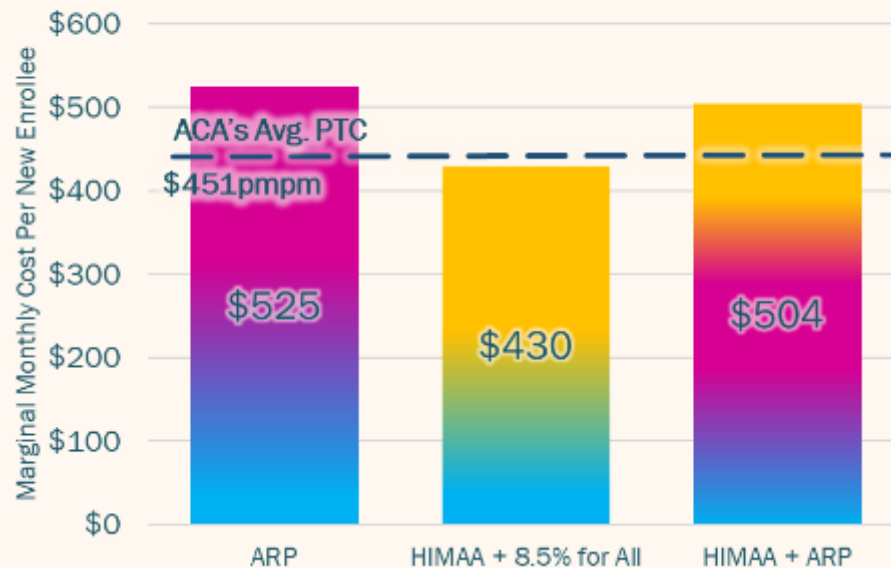


Can I Get a HIMA Side Salad?

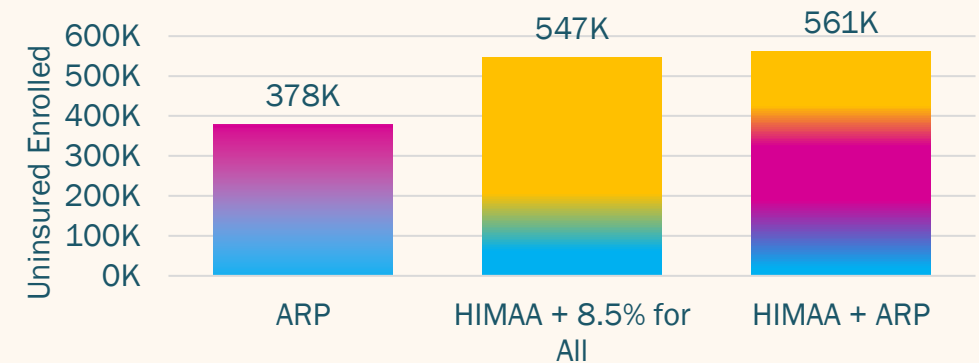
Fixing age inequity improves the efficiency and effect of ARP or its components, like removing the 400% Cap



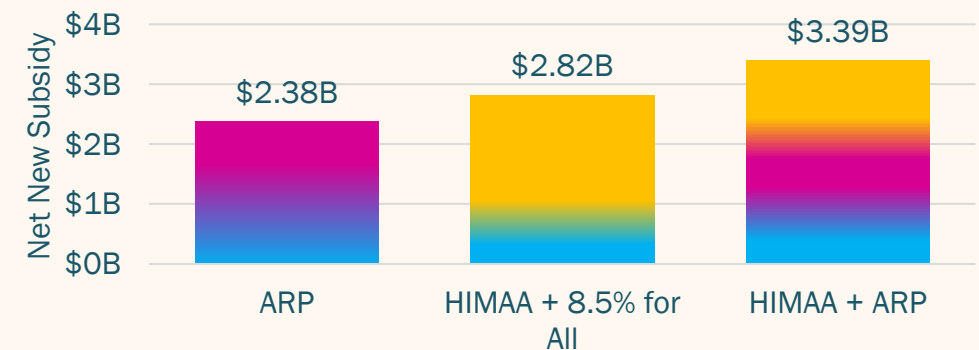
Cost Per Uninsured Enrolled
Florida, Model v21



Uninsured Enrolled
Florida, Model v21



Net Impact to Subsidy Spending
Florida, Model v21





Can you explain this with an obscure analogy that only makes sense to ACA policy wonks?

THE THE

BLUE: Insurer Responsibility •

Guaranteed Is

Community Rat

Essential Health
Benefits

Minimum 60% AV
(Metal Levels)

No Annual/Lifetime
Benefit Cap

Preventative Services
(no deductible/no co-pay)

Li
Enrollm

THE AFFO
(AFTER

Minimum Network W
("network adequacy ru
(issues w/network width, direc
surprise billing, etc.)

CAR
RESPONSIBL

Gu

Comm

10 Essential Hea

Minimum Actua
(60% - 90%)

No Annual/Lifetime Be

Maximum Out-of-Poc
still too high for mo

No-Cost Preventative S

Can Stay on Parents Plan u

The Two-Legged Stool

BLUE: Insurer Responsibility • RED: ~~Employee Responsibility~~

Guaranteed Issue

Community Rating

Essential Health
Benefits

Minimum 60% AV
(Metal Levels)

No Annual/Lifetime
Benefit Cap

Preventative Services
(no deductible/no co-pay)

~~Limited Open
Enrollment Period~~

Adapted from Charles Gaba / A

ENROLLEE RESPONSIBILITIES

Three-Legged Stool

(Patching Mandate Repeal with Better Value Proposition)

BLUE: Insurer Responsibility • RED: ~~Employee Responsibility~~ • GREEN: Government Responsibility

Guaranteed Issue

Community Rating

Essential Health
Benefits

Minimum 60% AV
(Metal Levels)

No Annual/Lifetime
Benefit Cap

Preventative Services
(no deductible/no co-pay)

Limited Open
Enrollment Period
(unlimited SEPs? Really?)

Adapted from Charles Gaba / ACASignups.net

Advance Premium
Tax Credits

Cost Sharing
Reductions

Cap on Maximum
Out-of-Pocket Costs

80/20 MLR
(80% of premiums must go
towards actual healthcare)

Alignment of Age Ratio of Tax
Credits with Age Ratio of Subsidy



Have you just wasted our time talking
about a bill that won't go anywhere?

Won't we go back to the ACA in 2023
when ARP expires?

This Fall...

**From the 117th Congress that brought you
the American Rescue Plan...**

RECON 2

This Time It's *Budget Neutral!*

In a world...

Where changes that last beyond two years must be fully funded

Where taking subsidies away will have political blow back...

...but leaving them as-is attracts headlines about inefficiency...

Will the 117th Congress want to fix age inequity?

The clock is ticking on the reconciliation window

RECON 2

- “Make ARP Enhancements Permanent” is the priority for most stakeholders.
- CSR enhancements up to 400% FPL are also being discussed.
- It’s easy to spend money, but hard to find it - CBO scores will be critical.
- Payment does not necessarily have to come from health care programs.

**IN LEGISLATION
NOTHING IS CERTAIN**

LET'S FIX EVERYTHING

The Path to Universal Coverage

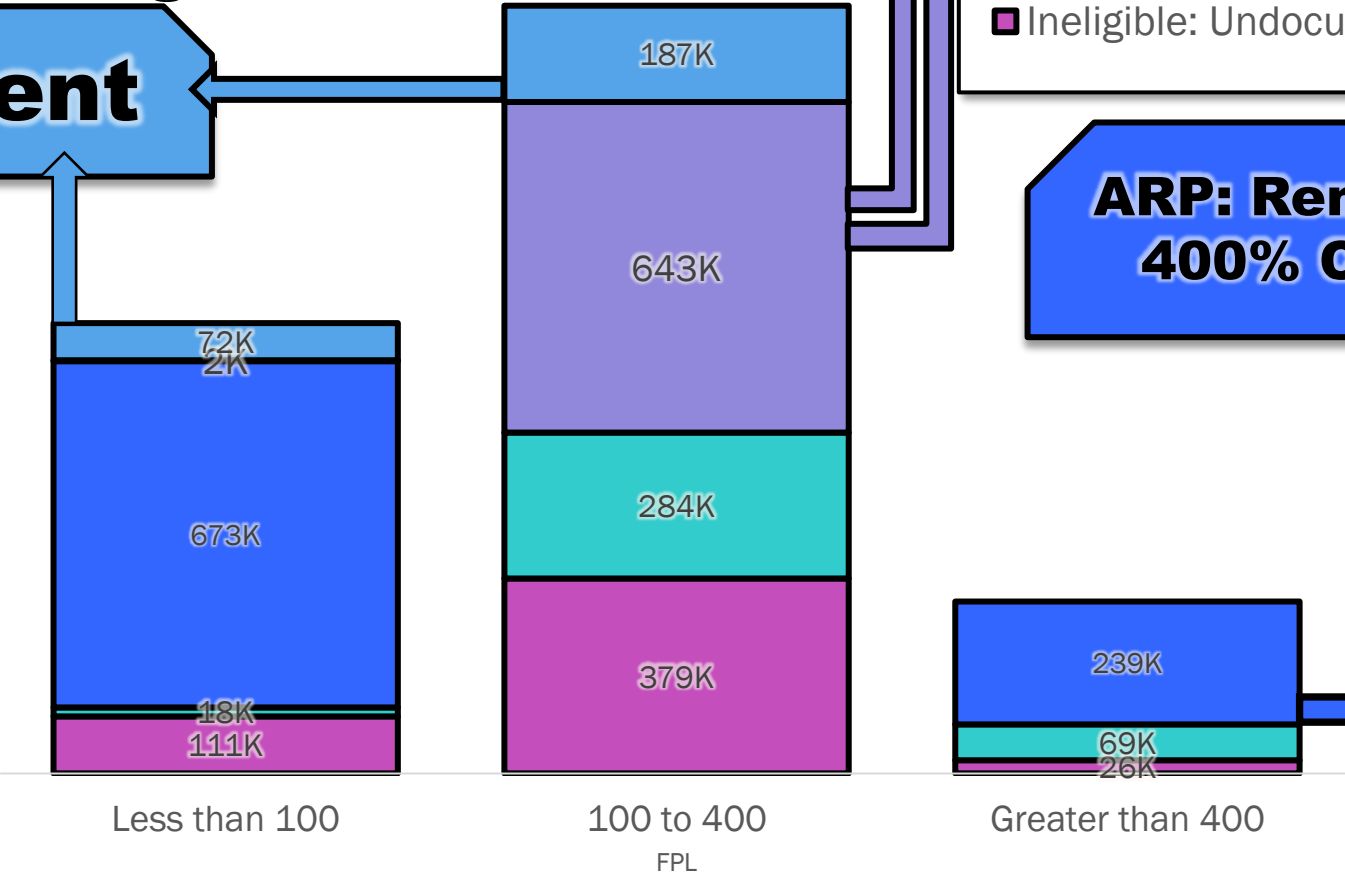
Default Enrollment

HIMAA: Age Inequity Fix

ARP: Enhanced Subsidies

- Eligible for \$0 Insurance
- Eligible for APTC, Insurance is Too Expensive
- Ineligible Due to Income Level
- Ineligible: Family Glitch
- Ineligible: Undocumented

ARP: Remove 400% Cap



RECON 2

The Reconning

Default Enrollment

We can address the barriers for uninsured people who qualify for \$0 coverage...

...Or we can just enroll them by default.

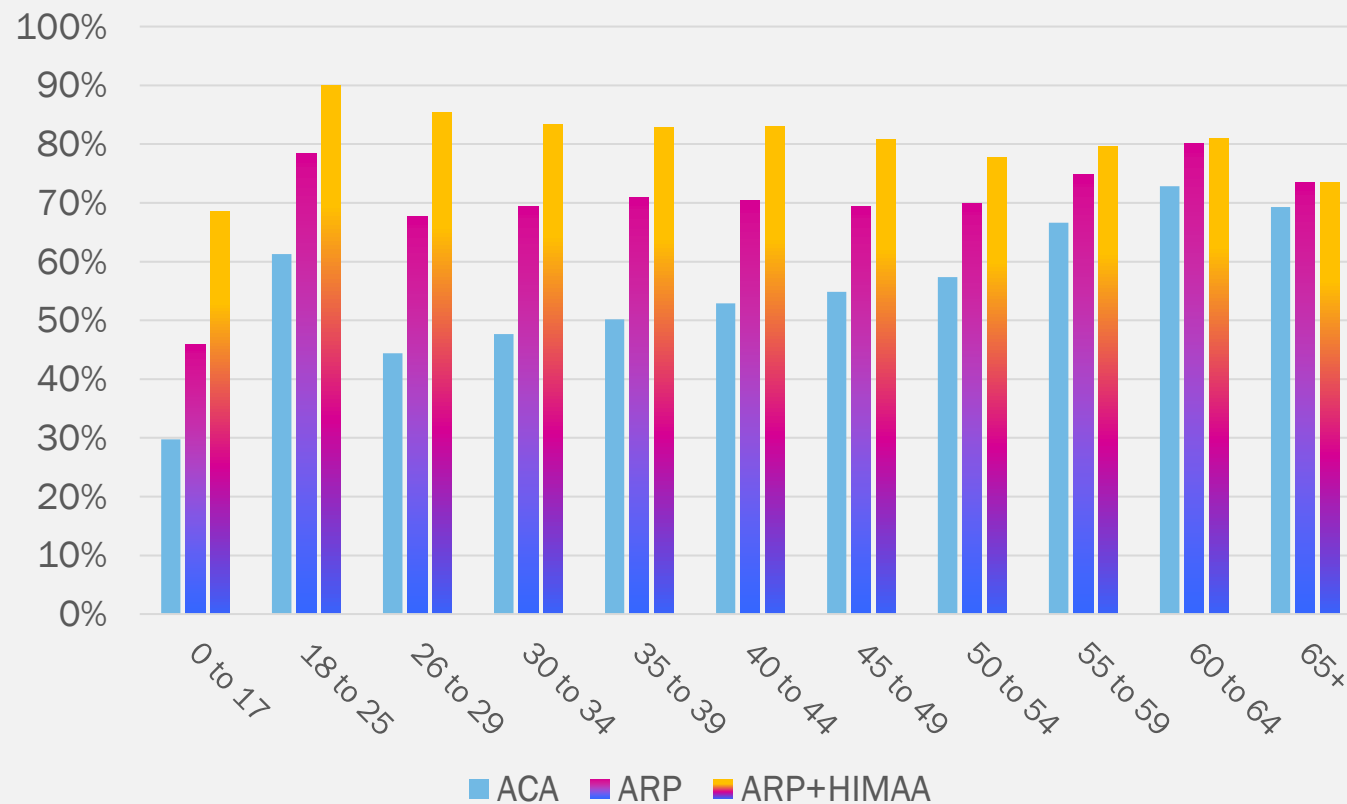
1. Move OEP to January until April.
2. Remove subsidy reconciliation if you use your reported prior year income.
3. Anyone who qualifies for \$0 coverage is enrolled by automatically.

Warning! The first step is a doozy!

Percent of ACA Market Eligible for \$0 Coverage

FL; v21.2;

ACA Market Includes Insured and Uninsured >100% FPL ACA Market does not include Family Glitch and Undocumented



LET'S FIX EVERYTHING

The Path to Universal Coverage

Default Enrollment

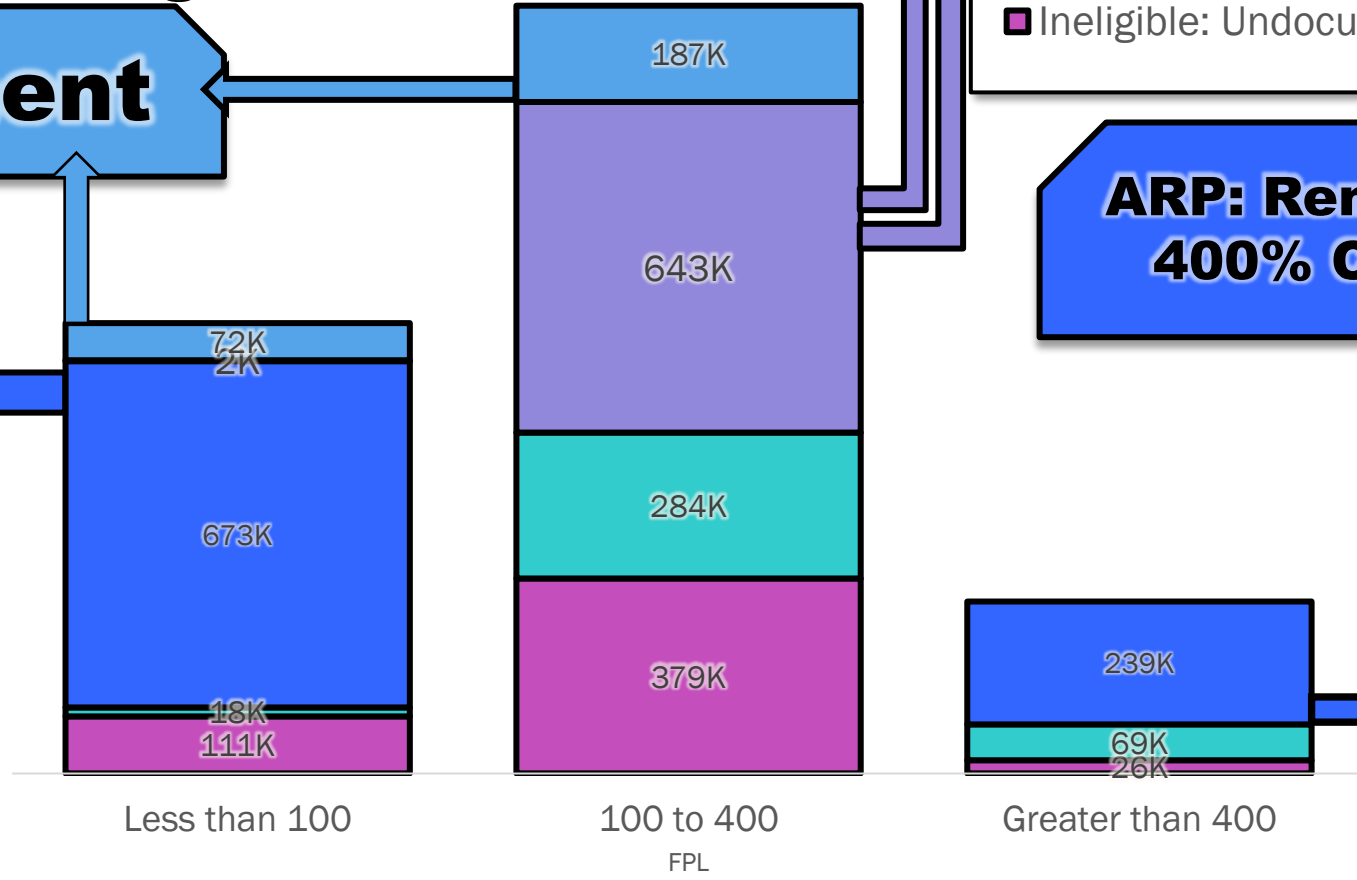
QHP-Down

HIMAA: Age Inequity Fix

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ARP: Remove 400% Cap



RECON 2

The Reconning

QHP-Down?

So, you want to fix the Medicaid Gap?

- Politically? It's difficult to find a solution that will not upset Medicaid Expansion states, but...
- The ACA has the tools.
Remember AI/AN Zero-Cost CSR Variants?
100% AV attached to Bronze.
- Reconciliation prohibits changes to policy, making alternatives difficult.
- Lots of questions, but it is not inconceivable.



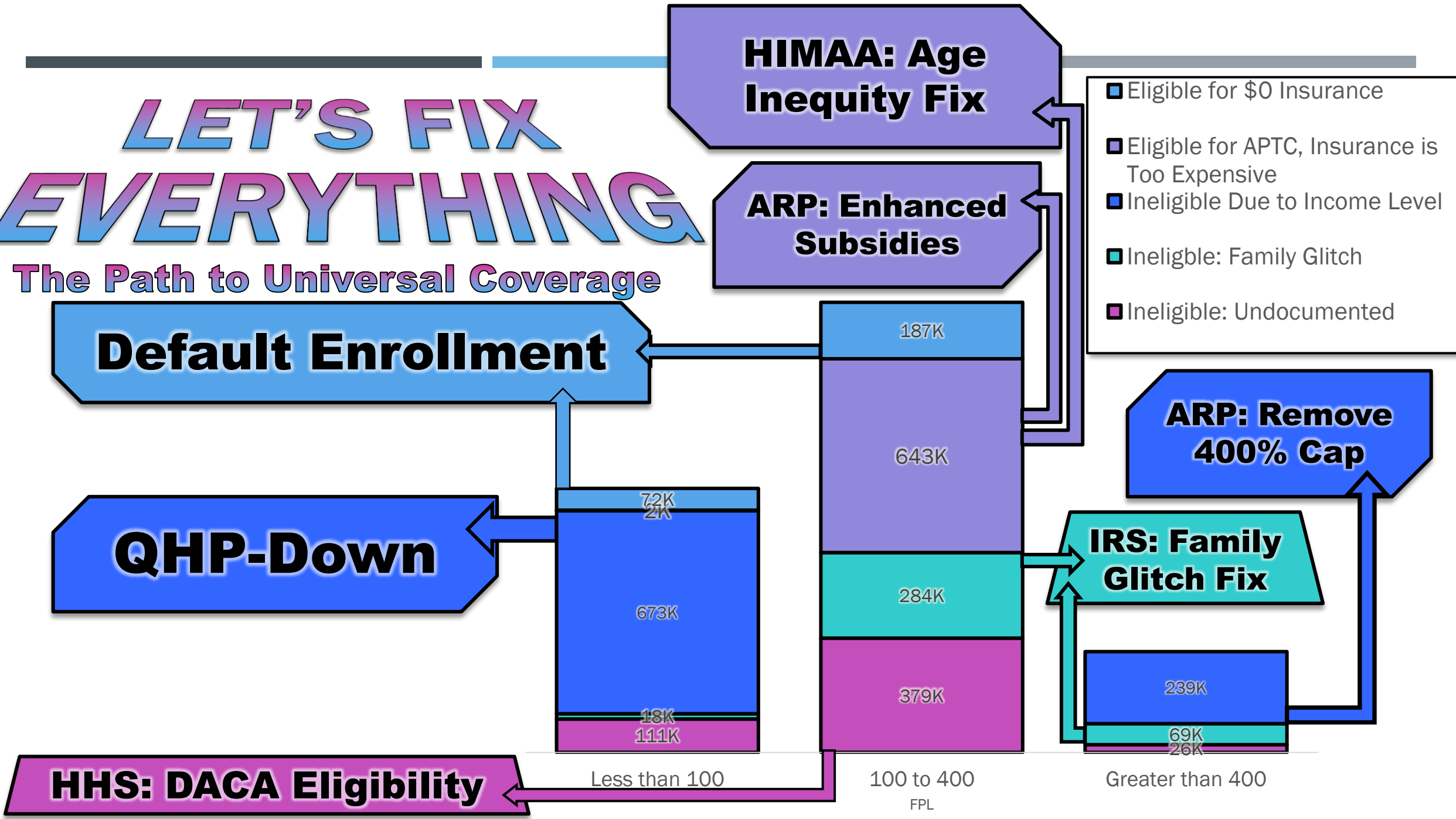
Medicaid Up



QHP Down

LET'S FIX EVERYTHING

The Path to Universal Coverage



REGULATORY WRAP UP

HHS: DACA Eligibility

- Anyone “legally present” is eligible for premium subsidies and CSRs.
- HHS *might* expand this interpretation to include individuals with DACA certification.

IRS: Family Glitch Fix

- Anyone eligible for “affordable” group coverage is ineligible for premium subsidies.
- Coverage is “affordable” if self-only coverage is 9.5% of the household’s income, even if family coverage is more.
- HHS has had a hard time enforcing this and might choose not to enforce it or IRS might reconsider its interpretation.
- This issue was excluded from ARP and Recon 2 because of hints about a regulatory solution.

RECON 2

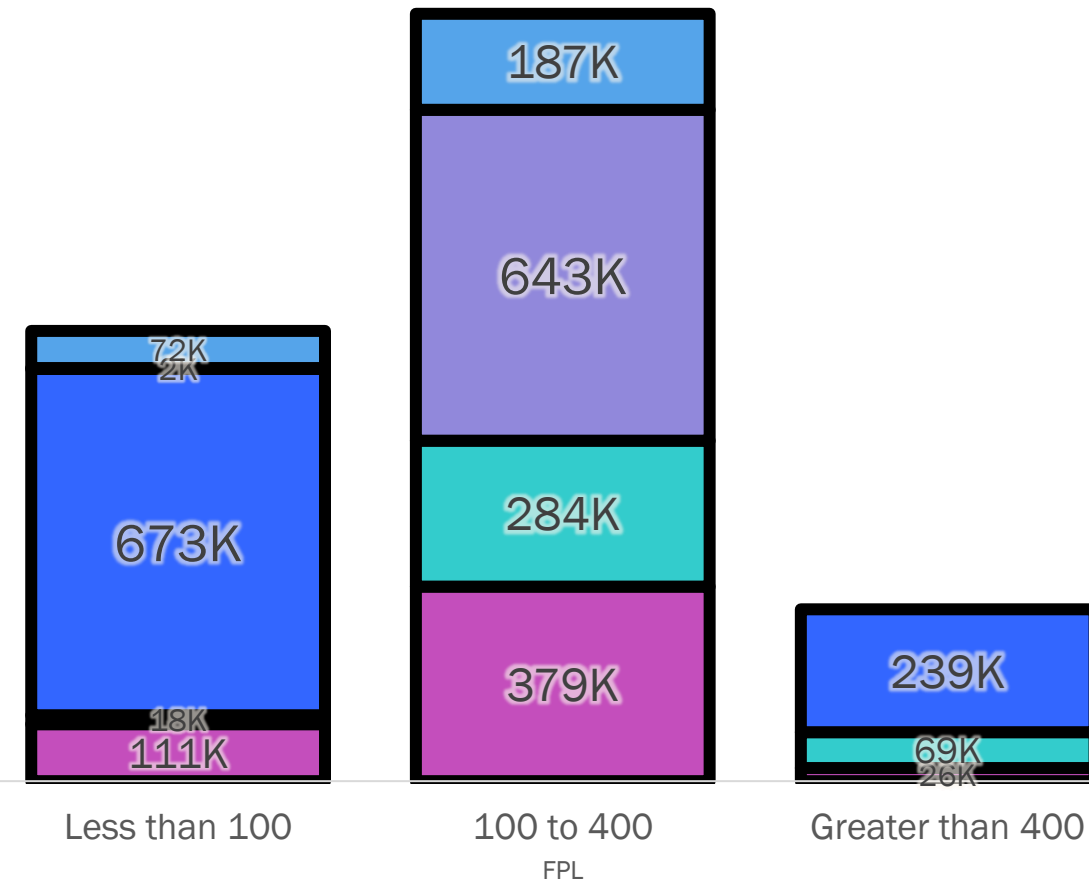
The Existential Threat

Medicare for All

- It is presented as cure for every problem.*
- Fixing those problems today prevents M4A from being an issue for future administrations.
- Top problems include:
 - ✓ **Barriers to universal coverage**
 - ✓ Unreasonable deductibles
 - ✓ Unnecessary utilization management

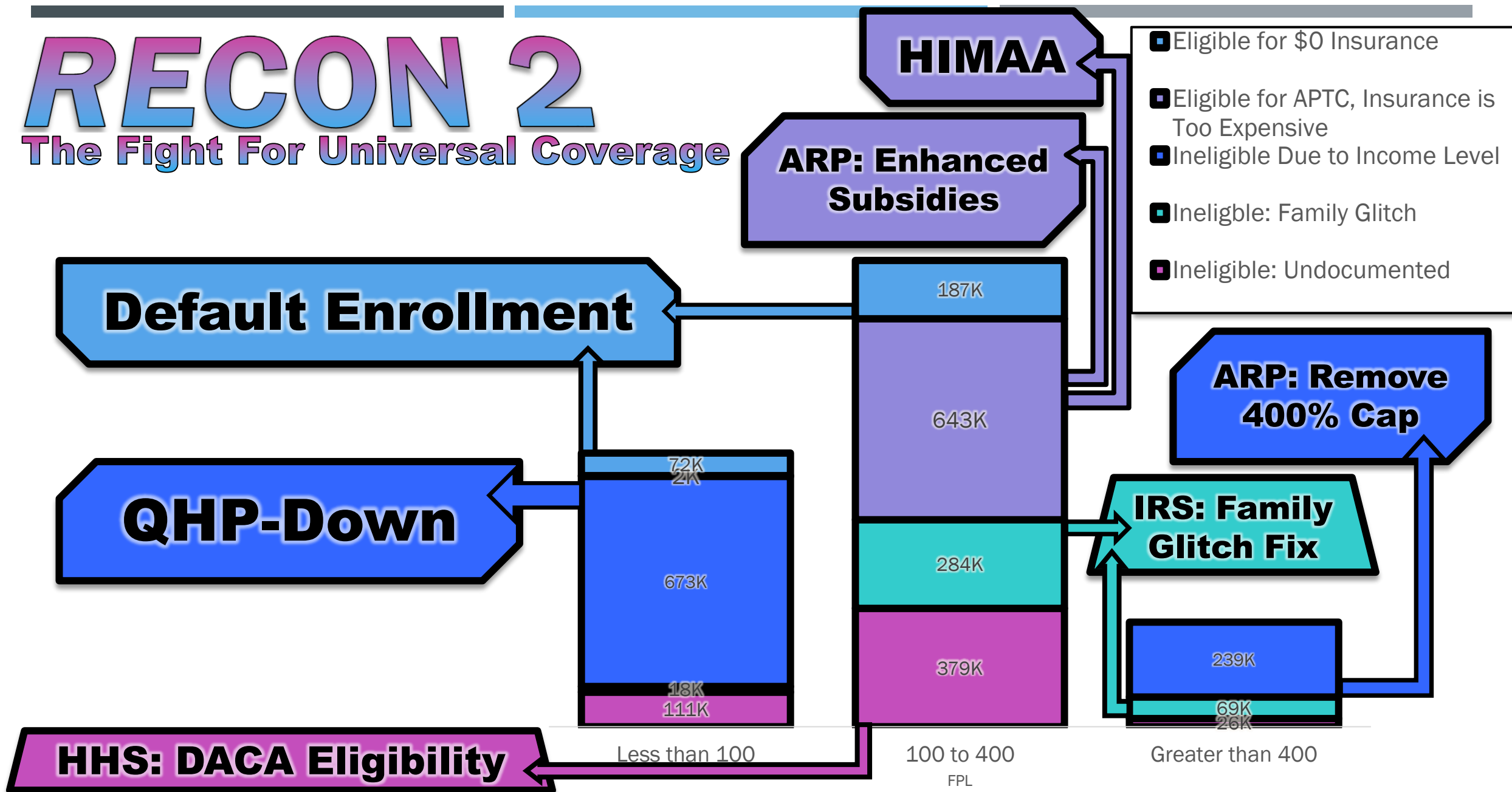
*Whether M4A fixes any problems or how it works is less relevant than public dissatisfaction with the current system.

- Eligible for \$0 Insurance
- Eligible for APTC, Insurance is Too Expensive
- Ineligible Due to Income Level
- Ineligible: Family Glitch
- Ineligible: Undocumented



RECON 2

The Fight For Universal Coverage



A close-up photograph of a dog's face, likely a Shetland Sheepdog or Rough Collie, with long, shaggy fur in shades of brown, black, and white. The dog's eyes are visible, looking directly at the camera. Overlaid on the image is the text "THAT'S HOW WE CAN FIX EVERYTHING" in a large, bold, sans-serif font. The text has a blue-to-purple gradient and a thin black outline. The word "EVERYTHING" is the largest and most prominent.

THAT'S HOW
WE
CAN FIX
EVERYTHING

QUESTIONS?