REPEAL AND REPLACE?
IMMEDIATE CONSIDERATIONS FOR THE MASSACHUSETTS HEALTH CARE MARKET

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BOSTON, MA
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KNOWNS AND UNKNOWNNS

CHARTING THE PAST AND LOOKING TO THE FUTURE
MASSACHUSETTS PASSES LANDMARK REFORM
CHAPTER 58 OF THE ACTS OF 2006
THE NATION FOLLOWS SUIT
THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (2010)
THE COMMONWEALTH VOICES STRONG SUPPORT
PRESERVING COVERAGE IN MA
FEDERAL COMMITMENT TO REPEAL AND REPLACE
PRESIDENT TRUMP’S CAMPAIGN PROMISE
“FIX, BUT DON’T REPEAL” VOTERS SAY

Repeal of Obamacare now a turn-off to voters

Would you be more likely or less likely to vote for a member who favors repealing Obamacare?

- Green: More likely
- Red: Less likely

- March 2014 NBC/WSJ poll
- New Quinnipiac poll

Source: Quinnipiac poll Get the data

Created with Dataversipor
AGENDA

Fundamentals of Massachusetts Coverage Expansion
- Individual Mandate and Guaranteed Issue
- Massachusetts Health Connector
- Medicaid Expansion
- Federal Subsidies

Update on Federal Actions
- Budget Reconciliation
- Repeal and Replace Proposals
- Executive Order

Immediate Considerations for Massachusetts
- Preservation of Individual Mandate
- Continuation of Federal Subsidies
- Reasonable Time Period to Implement Changes
FUNDAMENTALS OF MASSACHUSETTS COVERAGE EXPANSION
BUILDING BLOCKS OF REFORM

INDIVIDUAL MANDATE AND GUARANTEED ISSUE

INDIVIDUAL MANDATE


(a) As of July 1, 2007, the following individuals age 18 and over shall obtain and maintain creditable coverage so long as it is deemed affordable under the schedule set by the board of the connector, established by chapter 176Q: (1) residents of the commonwealth; or (2) individuals who become residents of the commonwealth within 63 days, in the aggregate. Residents who within 63 days have terminated any prior creditable coverage, shall obtain and maintain creditable coverage within 63 days of such termination.

GUARANTEED ISSUE


3(a) No carrier may “exclude any eligible individual or eligible dependent on the basis of age, occupation, actual or expected health condition, claims experience, duration of coverage, or medical condition of such person, nor impose any pre-existing condition provision or waiting period in any guaranteed issue plan.”
BUILDING BLOCKS OF REFORM
STATE HEALTH EXCHANGES

Welcome to the Connector!

You need insurance. The state’s Health Connector can help.

Health Connector Success Stories

"I didn’t know I was going to be able to afford the low cost health insura-
ce. Particularly, my wife told me about the Health Connector, which provided me with many affordable options..." - Carol Davis

Already a Commonwealth Care Member?

- Reenroll for increased coverage
- Log in to change your health plan and account information

Open Enrollment is Here

Now is the time individuals and families can apply and enroll in health and dental coverage and see if you qualify for free or lower cost coverage like MassHealth, ConnectorCare, or a tax credit.

Important Information on MassHealth Renewals

Did you receive a renewal letter from MassHealth? You can sign in to your online account now to renew your MassHealth, Health Safety Net, or Children’s Medical Security Plan health coverage. Have questions? Call MassHealth to learn more about MassHealth Renewals..."
BUILDING BLOCKS OF REFORM

FEDERAL SUBSIDIES FOR CONSUMERS

**Advance Premium Tax Credits (APTCs)**
For households with income at 400% of the FPL or lower
Credits are either applied to your monthly bill to lower the cost of your health insurance premiums or received at tax filing time
Tax credit amount is based on income

**ConnectorCare Plans**
For households with income at 300% of the FPL or lower
Members enrolled in ConnectorCare plans receive federal CSRs and additional state wrap dollars to further reduce their costs

**Cost Sharing Reductions (CSRs)**
For households with income at 250% of the FPL or lower
Additional funding for reducing out-of-pocket costs including deductibles, copayments, and coinsurance
Must be enrolled in a silver-tiered plan through ConnectorCare

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### 2016 Federal Poverty Level (FPL) Guidelines

<table>
<thead>
<tr>
<th>Household size</th>
<th>ConnectorCare Plan Type 1 (0-100% FPL)</th>
<th>ConnectorCare Plan Type 2A (100-150% FPL)</th>
<th>ConnectorCare Plan Type 2B (150-200% FPL)</th>
<th>ConnectorCare Plan Type 3A (200-250% FPL)</th>
<th>ConnectorCare Plan Type 3B (250-300% FPL)</th>
<th>Tax credit only (300-400% FPL)</th>
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<tr>
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<td>$11,880</td>
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<td>$23,760</td>
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<td>$40,320</td>
<td>$50,400</td>
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<td>$36,450</td>
<td>$46,600</td>
<td>$60,750</td>
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<td>$97,200</td>
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<tr>
<td>For each extra person, add:</td>
<td>$4,160</td>
<td>$6,240</td>
<td>$8,320</td>
<td>$10,400</td>
<td>$12,480</td>
<td>$16,640</td>
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<tr>
<td>Lowest monthly premium for ConnectorCare</td>
<td>$0</td>
<td>$0</td>
<td>$43</td>
<td>$83</td>
<td>$124</td>
<td>TAX CREDIT AMOUNT VARIES</td>
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</table>
BUILDING BLOCKS OF REFORM
EXPANSION OF MEDICAID COVERAGE AND FUNDING

PRE-ACA Coverage

- Based on population
  - Low-income children, pregnant women, the elderly or persons with disability.
  - MA 1115 Waiver – Children with family incomes up to 300% of the FPL, low-income employees of small businesses, long-term unemployed individuals.

POST-ACA Coverage

- Based on income
  - Individuals up to 133% FPL in CarePlus expansion program
  - MassHealth standard, CommonHealth, Family Assistance, and ConnectorCare subsidies available based on income up to 300% FPL

MASSHEALTH ELIGIBILITY UNDER ACA

FPL = income as percent of federal poverty level; in 2015, 100% FPL for a family of four was $24,250. Income: in general, the eligibility level for seniors age 65 and older is 100 percent of FPL and assets of up to $2,000 for an individual or $3,000 for a couple. More generous eligibility rules apply for seniors residing in nursing facilities or enrolled in special waiver programs.
Why is MassHealth enrollment growing?

Enrollment drives 85% of MassHealth growth in FY17

MassHealth Program Spending Breakdown
Percent change since 2007

- MassHealth spending has doubled since 2007
- MassHealth enrollment has increased 70% since 2007

Source: EOHHS Budget Presentation, January 26, 2017
RESULTS OF REFORM: NATIONWIDE LEADER

96.4% insured
THE PLAN FOR DISMANTLING THE ACA
Budget Reconciliation Bill

- Simple majority needed- 51 Senators
- Only provisions with a direct impact on the federal budget
- Bill to be drafted by Committees, voted on by House and Senate, and sent to Pres.- originally late Feb/early March

Budget Resolution

- Introduced on 1/3;, passed by the Senate on 1/11 and by the House on 1/13
- Directs Committees to submit recs for ACA repeal and implementation delay by 1/27
- $1B savings in reduction of deficit by each committee
NEXT STEPS
REPEAL… THEN REPLACE?

- Widespread repeal and replacement of the ACA structure will require comprehensive legislation

- Fragmentation among Congressional Republicans
  - Senators with struggling insurance markets and limited coverage options
  - Senators with successful Medicaid expansion
  - More moderate Senators- Susan Collins (ME)

- President Trump says: replacement will be simultaneous, after HHS Secretary confirmation
KEY FEATURES of 2016 Reconciliation Bill

- Immediate repeal of individual mandate
- 2 year phase out of premium tax credits and CSRs
- Repeal of the Medicaid eligibility expansion
Paul Ryan, US Representative, Wisconsin, Speaker of the House

- Speaker Ryan’s legislative proposal includes: elimination of the individual and employer mandates, repeal of taxes including HIT tax on insurers, Cadillac tax, medical device tax, expansion of HSAs and FSAs, caps the exclusion of ESI from income and payroll taxes, allows purchase across state lines, block grant or per capita allotment for Medicaid.

Tom Price, M.D., US Representative, Georgia, has been selected as the new HHS Secretary

- Rep. Price’s legislative proposals for repeal and replace include adjusted tax credits, allowing individuals to opt out of Medicare, Medicaid, or employer-sponsored plan and receive tax credits, defined contributions, selling insurance across state lines, and block grants for Medicaid.

Seema Verma, president, CEO and founder of SVC has been named the new CMS Administrator

- Verma helped craft Medicaid expansion plans in Indiana, Iowa, Kentucky, Michigan and Ohio and believes states are best able to make decisions about design of their system. She has supported a number of Medicaid reforms that are aimed at increasing the flexibility of states to design their Medicaid programs and personal responsibility including: block grants, removing requirements for states to obtain waivers to implement APMs, increased ability for states to enforce cost sharing and work requirements, benefit flexibility, allowance for HSA-like accounts with catastrophic coverage.
Rand Paul, US Senator, Kentucky

- Senator Paul introduced the *Obamacare Replacement Act* on January 25th which repeals the individual and employer mandates, community rating restrictions, rate review, essential health benefits requirement, medical loss ratio, and other insurance mandates. The bill also includes provisions for equalization of the tax treatment of health insurance.

Susan Collins, US Senator, Maine and Bill Cassidy, US Senator, Louisiana

- Senators Collins and Cassidy have introduced the *Patient Freedom Act*—replacement legislation would allow states the option of keeping the ACA's coverage framework, or choosing an alternative model that offers refundable tax credits to individuals, based on age, deposited into Health Savings Accounts.
Signed by President Trump on January 20, 2017

Instructs the Secretary of HHS, and any other agency with authority under the law, to:

“exercise all authority and discretion available to them to 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, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications.”
THIS WEEK IN “REPEAL AND REPLACE”

- **Trump Administration Pulls $5M in Open Enrollment Advertising**

- **Senate Finance Committee Suspends Rules and Advances Tom Price Nomination**

- **Republican Retreat in Philadelphia**

- **House Republicans Introduce 4 Bills**
  - Widens age bands
  - Stronger verification for special enrollment periods
  - State flexibility to define non-payment grace period
  - Policy statement
IMMEDIATE CONSIDERATIONS FOR MASSACHUSETTS

RECOMMENDATIONS
Framework of Health Reform

- Three-legged stool:
  - Expanding Coverage and Access
  - Consumer Protections
  - Improving Quality and Lowering Costs
CONTINUATION OF FEDERAL SUBSIDIES

78% % of individuals enrolled in ConnectorCare

273% Immediate increase in uninsured if subsidies and mandate are repealed

REASONABLE TIME PERIOD TO PRESERVE MARKET STABILITY

- April – Product Design for Connector Plans
- July – Premium Rates Filed
- November – Open Enrollment
- December – Launch of Medicaid Redesign

2 – 3 years