

REPEAL AND REPLACE?

IMMEDIATE CONSIDERATIONS FOR THE MASSACHUSETTS HEALTH CARE MARKET



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BOSTON, MA
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KNOWN AND UNKNOWN

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*

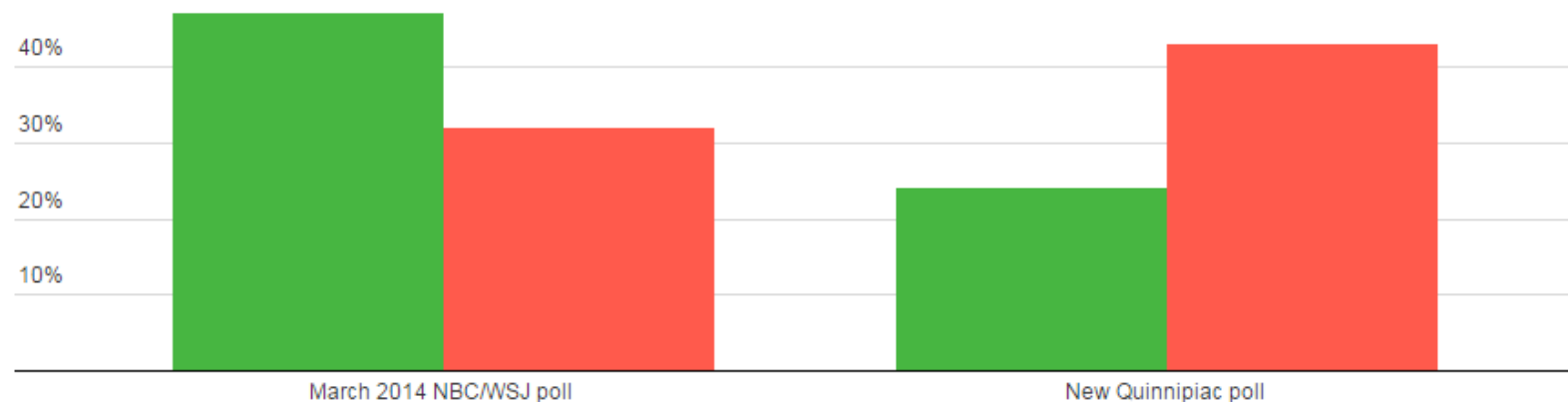


“FIX, BUT DON’T REPEAL” VOTERS SAY

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?

More likely Less likely



Source: [Quinnipiac poll](#) [Get the data](#)

Created with [Datawrapper](#)

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

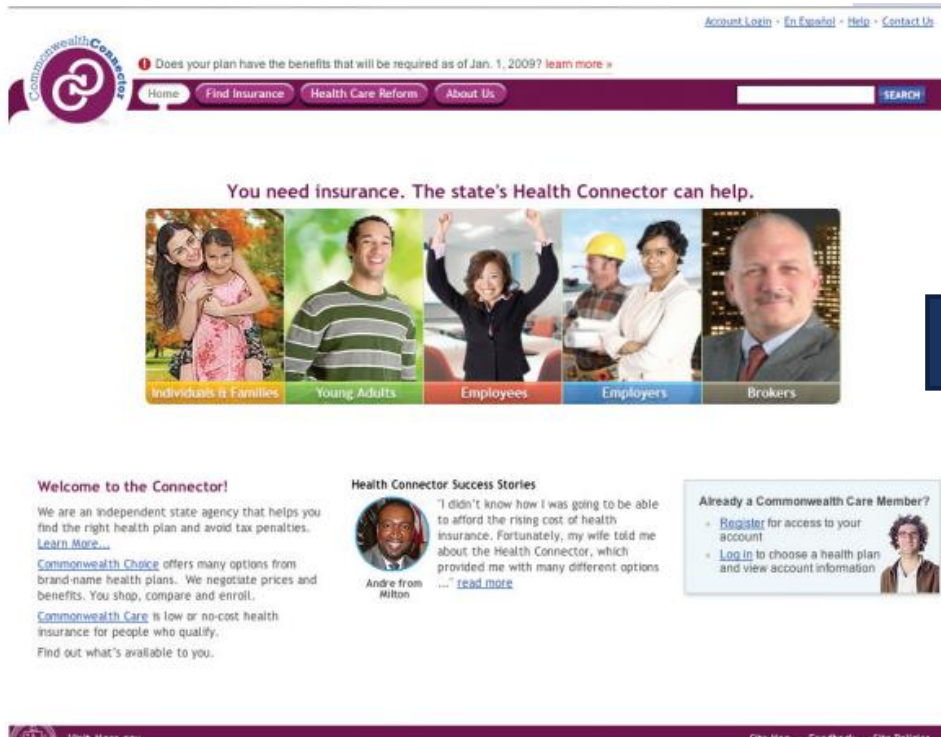
- *Chapter 58 of the Acts of 2006 - Sections 12 & 13: Individual Mandate Requirement*
- (a) As of July 1, 2007, the following individuals age 18 and over shall obtain and maintain creditable coverage so long as it is deemed affordable under the schedule set by the board of the connector, established 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

- *Chapter 176M, created by Chapter 297 of the Acts of 1996 and amended by Chapter 467 of the Acts of 1996*
- 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



This screenshot shows the Commonwealth Connector website. The header includes a logo, a navigation bar with links like 'Home', 'Find Insurance', 'Health Care Reform', and 'About Us', and a search bar. A banner below the header reads 'You need insurance. The state's Health Connector can help.' and features five categories: 'Individuals & Families', 'Young Adults', 'Employees', 'Employers', and 'Brokers'. Below this, there are three sections: 'Welcome to the Connector!', 'Health Connector Success Stories' (featuring a testimonial from Andre from Milton), and 'Already a Commonwealth Care Member?' (with links to 'Register' and 'Log In').



This screenshot shows the MassHealth website. The header includes a navigation bar with links like 'Account Sign In', 'Make a Payment', 'Help Center', 'Forms', and 'Accessibility'. A banner below the header reads 'Open Enrollment is Here' and features a large image of a woman and a child looking at a laptop. To the right of the image, text states: '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.' Below this text are two buttons: 'LEARN MORE' and 'START YOUR APPLICATION'. At the bottom, there is a section titled 'Important Information on MassHealth Renewals' with a link to 'sign in to your online account now'.

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

2016 FEDERAL POVERTY LEVEL (FPL) GUIDELINES

Household size	ConnectorCare Plan Type 1 (0-100% FPL)	ConnectorCare Plan Type 2A (100-150% FPL)	ConnectorCare Plan Type 2B (150-200% FPL)	ConnectorCare Plan Type 3A (200-250% FPL)	ConnectorCare Plan Type 3B (250-300% FPL)	Tax credit only (300-400% FPL)
1	\$11,880	\$17,820	\$23,760	\$29,700	\$35,640	\$47,520
2	\$16,020	\$24,030	\$32,040	\$40,050	\$48,060	\$64,080
3	\$20,160	\$30,240	\$40,320	\$50,400	\$60,480	\$80,640
4	\$24,300	\$36,450	\$48,600	\$60,750	\$72,900	\$97,200
For each extra person, add:	\$4,160	\$6,240	\$8,320	\$10,400	\$12,480	\$16,640
Lowest monthly premium for ConnectorCare	\$0	\$0	\$43	\$83	\$124	Tax credit amount varies

BUILDING BLOCKS OF REFORM

EXPANSION OF MEDICAID COVERAGE AND FUNDING

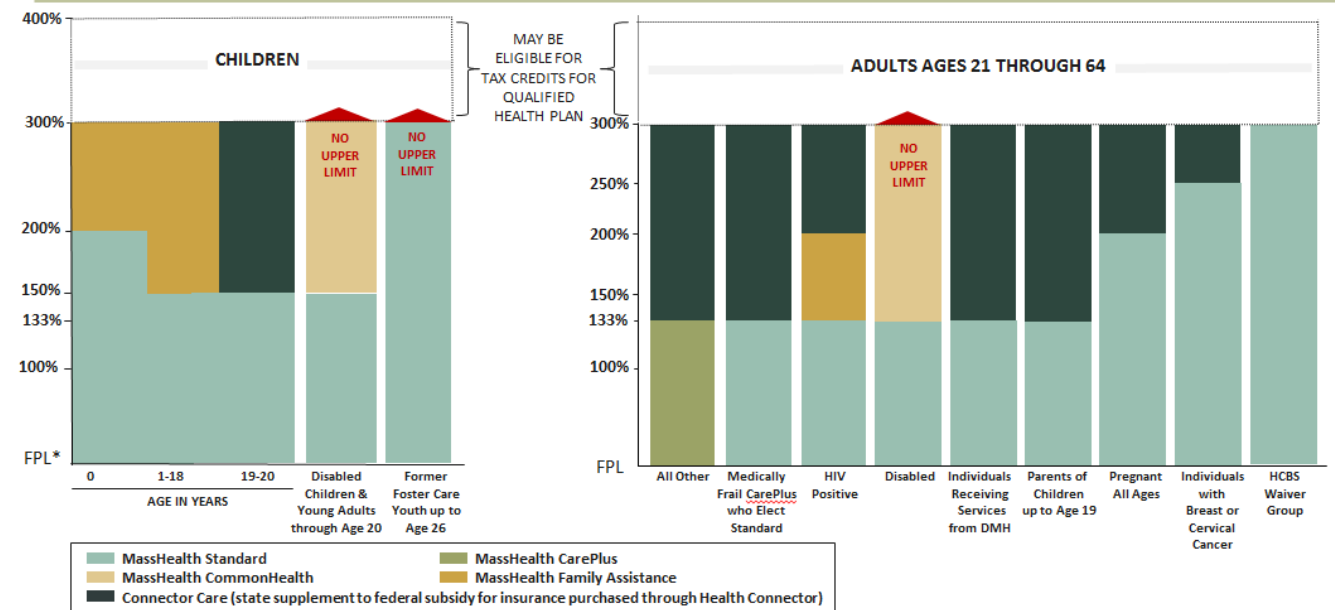
PRE-ACA Coverage

- 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



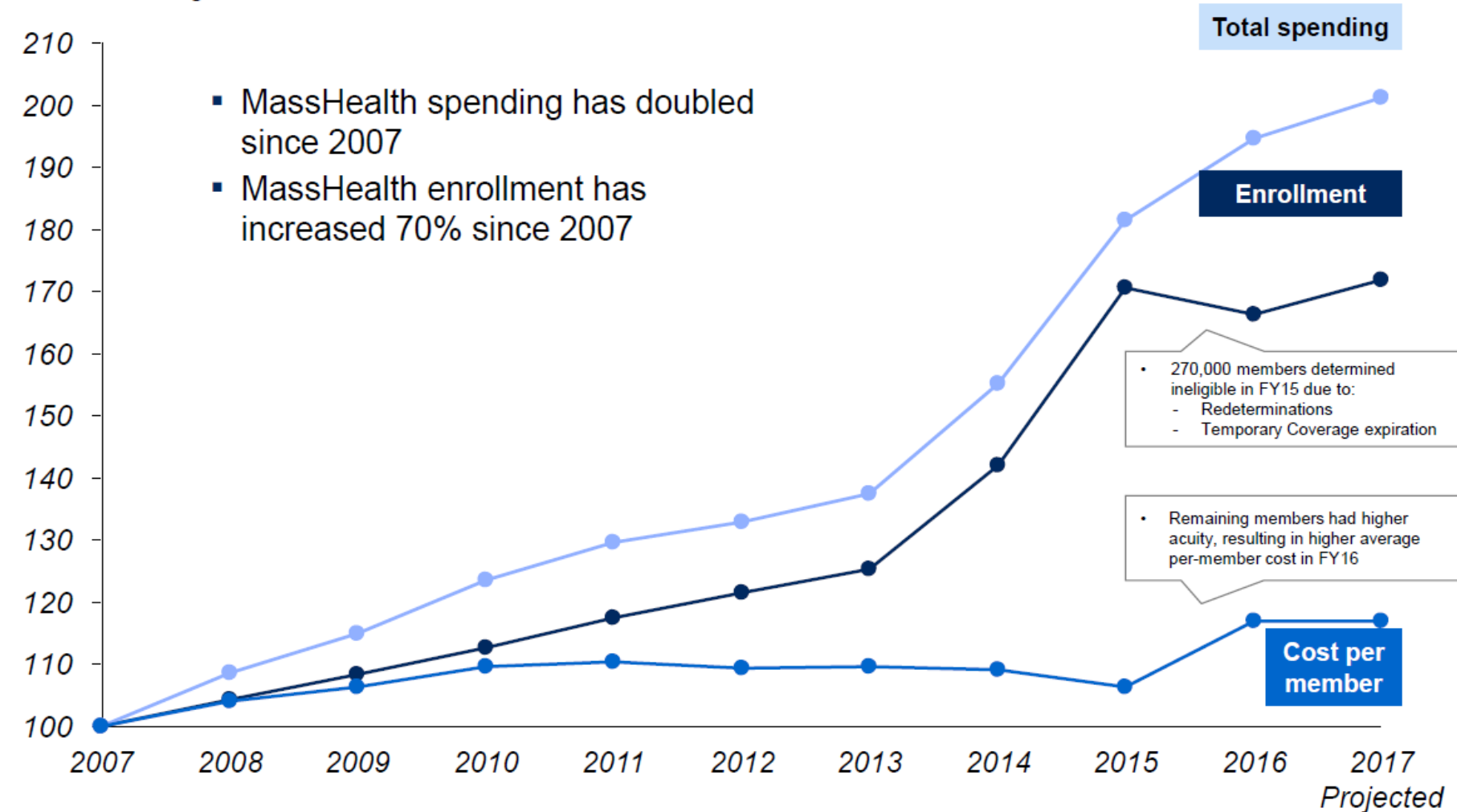
FPL = income as percent of federal poverty level; in 2015 100% FPL for a family of four was \$24,250.

NOTE: 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.

Enrollment drives 85% of MassHealth growth in FY17

MassHealth Program Spending Breakdown

Percent change since 2007



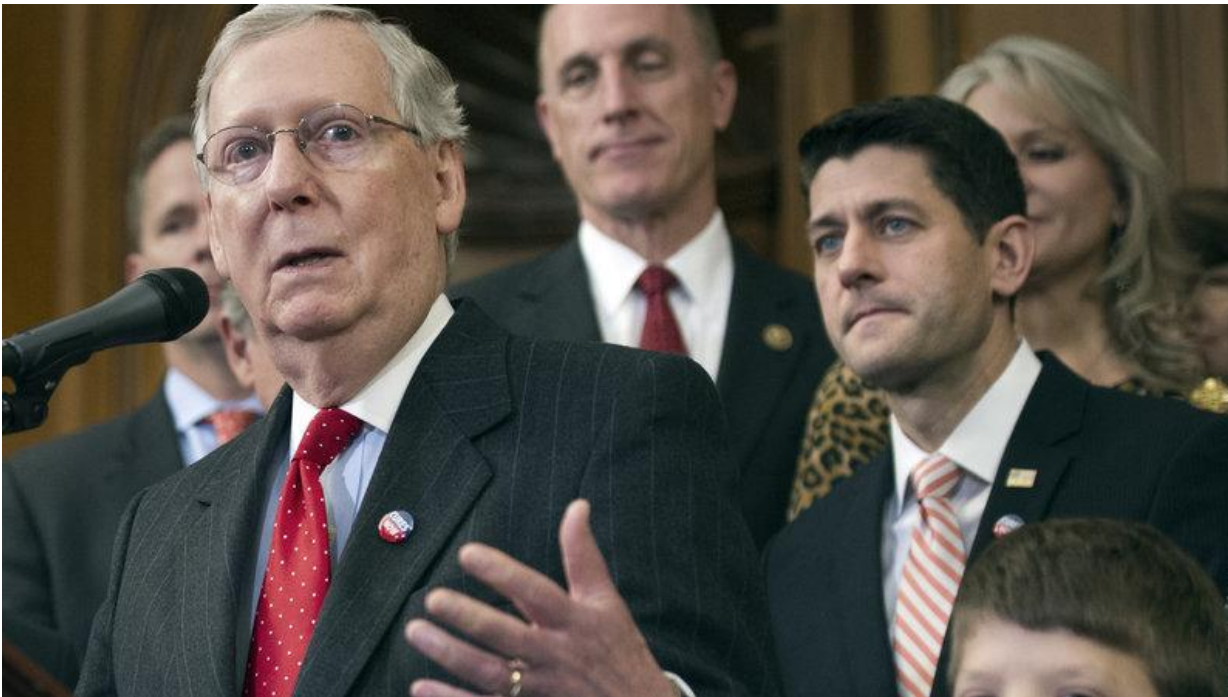
RESULTS OF REFORM: NATIONWIDE LEADER

96.4% insured

THE PLAN FOR DISMANTLING THE ACA

IMMEDIATE ACTION

BUDGET RECONCILIATION BILL



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

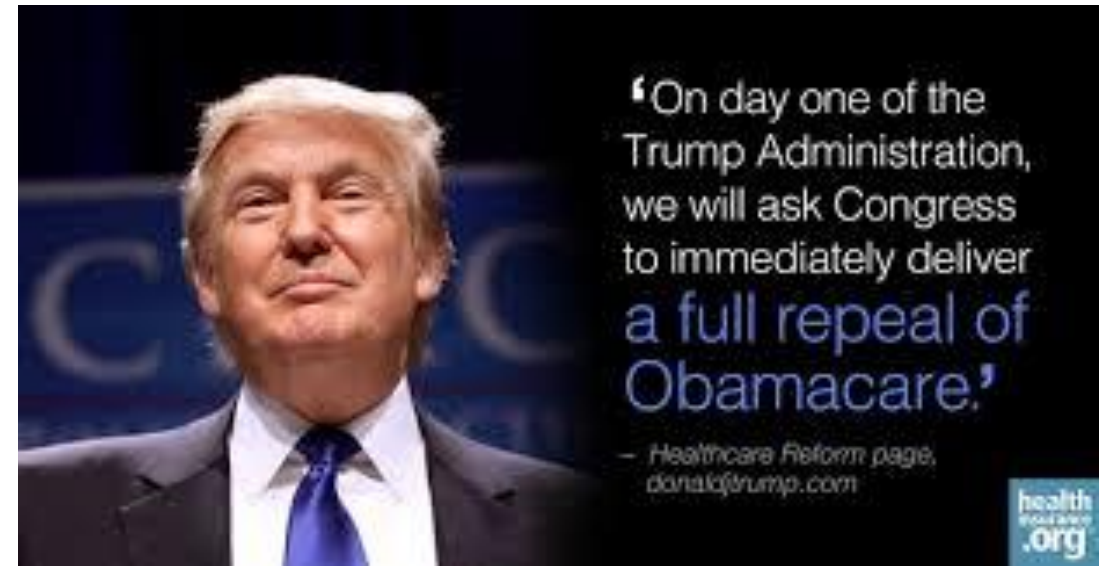
Budget Resolution

- 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



PAST EFFORTS

JANUARY 2016 RECONCILIATION BILL



Paul Ryan ✓
@SpeakerRyan

Follow

THIS IS A FIRST → a bill repealing [#Obamacare](#) will be sent to the president's desk. spkrryan.us/1OMvIT1



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

PLANS FOR REPLACEMENT

PAST PROPOSALS



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.

PLANS FOR REPLACEMENT

WHAT WE'RE HEARING THIS SESSION

POLITICS | ELECTION 2016

Donald Trump, in Exclusive Interview, Tells WSJ He Is Willing to Keep Parts of Obama Health Law

President-elect hints at possible compromise after vows to repeal the Affordable Care Act



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 a 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

PRESIDENT TRUMP'S EXECUTIVE ORDER DELIVERING ON CAMPAIGN PROMISE

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.”

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 20, 2017

EXECUTIVE ORDER

MINIMIZING THE ECONOMIC BURDEN OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT PENDING REPEAL

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. It is the policy of my Administration to seek the prompt repeal of the Patient Protection and Affordable Care Act (Public Law 111-148), as amended (the “Act”). In the meantime, pending such repeal, it is imperative for the executive branch to ensure that the law is being efficiently implemented, take all actions consistent with law to minimize the unwarranted economic and regulatory burdens of the Act, and prepare to afford the States more flexibility and control to create a more free and open healthcare market.

Sec. 2. To the maximum extent permitted by law, the Secretary of Health and Human Services (Secretary) and the heads of all other executive departments and agencies (agencies) with authorities and responsibilities under the Act shall 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, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications.

Sec. 3. To the maximum extent permitted by law, the Secretary and the heads of all other executive departments and agencies with authorities and responsibilities under the Act, shall exercise all authority and discretion available to them to provide greater flexibility to States and cooperate with them in implementing healthcare programs.

Sec. 4. To the maximum extent permitted by law, the head of each department or agency with responsibilities relating to healthcare or health insurance shall encourage the development of a free and open market in interstate commerce for the offering of healthcare services and health insurance, with the goal of achieving and preserving maximum options for patients and consumers.

Sec. 5. To the extent that carrying out the directives in this order would require revision of regulations issued through notice-and-comment rulemaking, the heads of agencies shall comply with the Administrative Procedure Act and other

2

applicable statutes in considering or promulgating such regulatory revisions.

Sec. 6. (a) Nothing in this order shall be construed to impair or otherwise affect:

- (i) the authority granted by law to an executive department or agency, or the head thereof; or
- (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

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***
- **House 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



PRESERVATION OF THE INDIVIDUAL MANDATE



Framework of Health Reform

- Three-legged stool:
 - Expanding Coverage and Access
 - Consumer Protections
 - Improving Quality and Lowering Costs



CONTINUATION OF FEDERAL SUBSIDIES

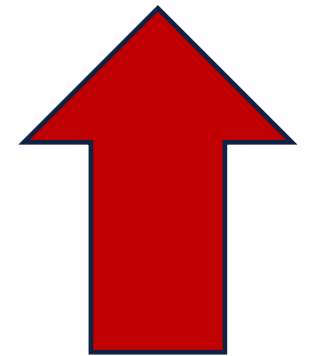
78%



MASSACHUSETTS
**HEALTH
CONNECTOR**
the right place for the right plan

% of individuals enrolled in ConnectorCare

273%



Immediate increase in uninsured if subsidies and mandate are repealed
Urban Institute. December 2016.

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



MAHP

MASSACHUSETTS
ASSOCIATION *of*
HEALTH PLANS