# Where Does the ACA Stand Heading into 2018 and Beyond?

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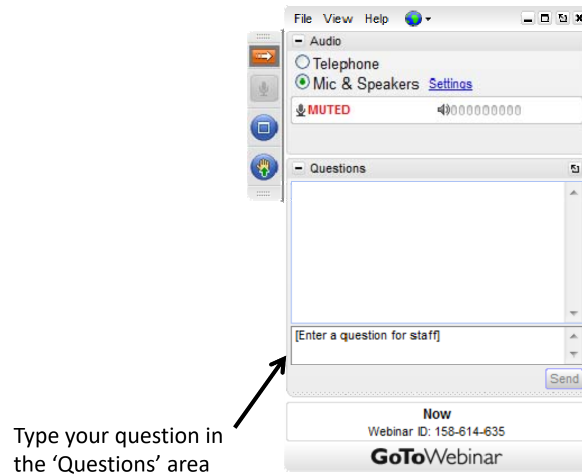
# How to Ask A Question




Type your question in the 'Questions' area





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# Agenda

- Where We Are Today and What to Expect in 2018
- Proposed Changes for 2019
- Potential Future Congressional Action
- Questions & Discussion

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# Key Takeaways

2018 premiums are higher, but tax credits have also increased

So far, Marketplace enrollment is higher than 2017, but impact of shorter open enrollment is uncertain

CMS looks prepared to move forward with plans for 2019 that would delegate more authority to states

Wholesale repeal of ACA seems unlikely, but individual mandate repeal could have future impact





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# Warning: Only Facts Beyond This Point

HOW TO SPOT FAKE NEWS

CONSIDER THE SOURCE
Click away from the story to investigate the site, its mission and its contact info.

READ BEYOND
Headlines can be outrageous in an effort to get clicks. What's the whole story?

CHECK THE AUTHOR
Do a quick search on the author. Are they credible? Are they real?

SUPPORTING SOURCES?
Click on those links. Determine if the info given actually supports the story.

CHECK THE DATE
Reposting old news stories doesn't mean they're relevant to current events.

IS IT A JOKE?
If it is too outlandish, it might be satire. Research the site and author to be sure.

CHECK YOUR BIASES
Consider if your own beliefs could affect your judgement.

ASK THE EXPERTS
Ask a librarian, or consult a fact-checking site.

IFLA
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Source: International Federation of Library Associations and Institutions (https://www.ifla.org/publications/node/11174)

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# WHERE WE ARE TODAY AND WHAT TO EXPECT IN 2018

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## Where Are We Today?

Almost 30 million Americans have gained coverage

Open question of whether care is accessible and/or affordable

Public approval of the ACA continues to improve

Sources: U.S. Census Bureau (https://www.census.gov/library/publications/2017/demo/p60-260.html)
Department of Health and Human Services (https://aspe.hhs.gov/system/files/pdf/255516/medicaidexpansion.pdf)
*The Hill* (http://thehill.com/policy/healthcare/324047-trump-administration-reports-slight-drop-in-obamacare-enrollment-for-2017)
Kaiser Family Foundation (http://www.kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-august-2017-the-politics-of-aca-repeal-and-replace-efforts/)

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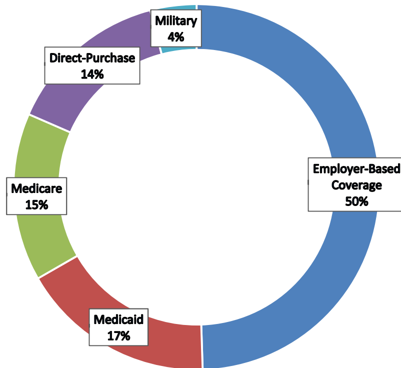
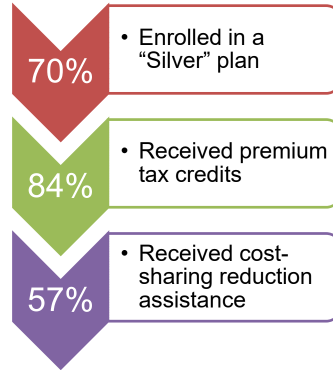
## About 12 Million Americans Get Coverage Through Exchanges




In 2017, Majority of Americans in Marketplaces Received Subsidies




Sources: U.S. Census Bureau (https://www.census.gov/library/publications/2017/demo/p60-260.html)
Kaiser Family Foundation (http://www.kff.org/health-reform/state-indicator/total-marketplace-enrollment-and-financial-assistance



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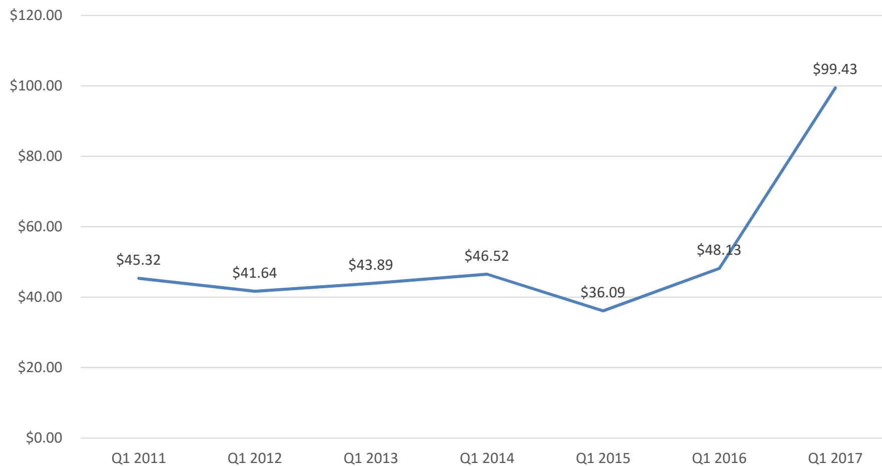
## Insurer Financial Performance Stabilized in Early 2017




Source: Kaiser Family Foundation (http://www.kff.org/health-reform/issue-brief/individual-insurance-market-performance-in-early-2017/)

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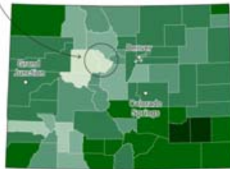
# Coverage is Only Half the Battle

## The Healthiest State In The Country Has Some Of The Steepest Premiums

By Christie Aschwanden
Filed under Health Care
Published Nov. 13, 2017

**Summit County** has the **lowest** estimated mortality rate in Colorado (and among all counties in the U.S.)




Estimated deaths per 100K in Colorado counties, 2014

... but its insurance premiums are among the **highest.**

Monthly premiums for private market silver plans in Colorado counties, 2018

Source: FiveThirtyEight (https://fivethirtyeight.com/features/the-healthiest-state-in-the-country-has-some-of-the-steepest-premiums/)

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# Increased Insurance Coverage Does Not Solve All Challenges

**Higher Costs**

- Procedure costs 32% higher on average than in Denver
- Fewer health care providers, less competition
- Higher cost of living
- Rural, isolated terrain
- Costs associated with “surge capacity” maintenance for ski season

**Higher Utilization**

- Use of advanced imaging and lab/pathology services are 200%-300% higher relative to Denver
- This is not explained by higher rates of orthopedic injuries

**Why?**

- Pressure to use expensive technology with high capital costs?
- Is a richer population more demanding?

Source: FiveThirtyEight (https://fivethirtyeight.com/features/the-healthiest-state-in-the-country-has-some-of-the-steepest-premiums/)

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## General Premium Increases Result of Several Factors

| Structural | Government and Regulatory |
|---|---|
| **Medical Trend**<br>• Expected 2018 growth: 5%-8%<br>• Rx cost growth expected to level out | **Uncertainty Regarding:**<br>• **Cost-Sharing Reduction Payments***<br>• **Individual Mandate Enforcement**<br>• **Shortened Open Enrollment Period and Tighter Special Enrollment Periods**<br>• **Potential Changes to ACA Statute** |
| **Changes in Risk Pool Composition and Insurer Assumptions** | **Provision of Risk-Sharing Programs for High-Cost Enrollees** |
| **Resumption of Health Insurer Tax**<br>Tax assessed on health insurance companies based on their share of net premiums | **Increased Actuarial Value Allowable Variation** |
| **Changes in Provider Networks, Competition and Reimbursement Structures** | **Increased Administrative Costs** |
| **Market Competition** | **Changes in Geographic Factors** |

**Issue brief was published prior to announcement that CSR payments would stop.*

Source: American Academy of Actuaries (https://www.actuary.org/files/publications/Premium_Drivers_2018_071017.pdf)

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## 2017 Was A Turbulent Time for the ACA

**Cost-Sharing Reduction Payments**
- Increased 2018 premiums by approximately 20%
- Increased premium tax credits, leading to higher overall government spending

**Outreach**
- Decreased funding for advertisements by 90%
- Cut funding for Navigator grants 40%

**Individual and Employer Mandate**
- Eliminated in tax reform package?
- IRS accepted "silent returns" in 2017, but will not do so in 2018
- 1/3 fewer penalty payments made in 2017 relative to 2016

**Enrollment**
- Shortened for 2018: November 1, 2017 – December 15, 2017
- HealthCare.gov will be down for 12 hours every Sunday of open enrollment for maintenance

Sources: Congressional Budget Office (https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53009-costsharingreductions.pdf) Health Affairs (http://healthaffairs.org/blog/2017/08/31/cms-cuts-aca-advertising-by-90-percent-amid-other-cuts-to-enrollment-outreach/)
CNBC (https://www.cnbc.com/2017/09/27/federal-health-reps-told-not-to-participate-in-obamacare-outreach.html)
Health Affairs (http://healthaffairs.org/blog/2017/08/21/the-irs-is-still-enforcing-the-individual-mandate-despite-what-many-taxpayers-believe/); Forbes (https://www.forbes.com/sites/kellyphillipserb/2017/10/18/irs-changes-position-will-not-accept-tax-returns-which-are-silent-on-healthcare-coverage/#1d7811b07d7f)
Washington Post (https://www.washingtonpost.com/news/powerpost/wp/2017/09/29/planned-healthcare-gov-outages-this-fall-are-comparable-to-2016-hhs-says/)

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# How Did Health Plans React to CSR News?

## "Silver Loading"

- When an insurer adds all CSR losses into premiums for Silver plans ONLY
- Leads to increased subsidies, which can be applied to ANY plan
- Unsubsidized customers must pay full price of increase, but Gold or Platinum plans may be less expensive (relatively) as a result

## "Silver Switcheroo"

- When an insurer adds CSR losses into ON-EXCHANGE Silver plans ONLY
- Leads to increased premium subsidies for subsidized customers
- Unsubsidized customers could purchase plan off-exchange without CSR losses built into premiums

Source: The Incidental Economist (https://theincidentaleconomist.com/wordpress/cost-sharing-reduction-weeds-silver-loading-and-the-silver-switcheroo-explained/)



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# How Does the Loss of CSRs Impact Consumers?

**Distributional impact of various CSR loading strategies from buyer's perspective**

| | CSR Load Scenario: | Assumes CSR Paid | Broad Load (all plans) | Load to all Silver | On-exchange Silver only |
|---|---|---|---|---|---|
| Subsidized Enrollees | <100% FPL Silver | *no change* | *no change* | *no change* | *no change* |
| | <200% FPL Silver | *no change* | *no change* | *no change* | *no change* |
| | >200% FPL Silver | *no change* | *no change* | *switch plans* | *switch plans* |
| | Bronze | *no change* | *better* | *better* | *better* |
| | Gold or Platinum | *no change* | *worse* | *better* | *better* |
| Unsubsidized Enrollees | Bronze | *no change* | *worse* | *no change* | *no change* |
| | Silver | *no change* | *worse* | *worse* | *switch plans* |
| | Gold or Platinum | *no change* | *worse* | *no change* | *no change* |

**David Anderson, Charles Gaba, Louise Norris & Andrew Sprung**

Source: ACASignups.net (http://acasignups.net/17/10/25/update-who-will-do-silver-switcharoo-part-two-how-many-state)



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## Looking Ahead to 2018: Health Plan Availability

| | 2017 | 2018 | Difference |
|---|---|---|---|
| **Total Issuers on Marketplace** | 167 | **132** | -35 (-21%) |
| **Average Issuers Per State** | 4 | **3** | -1 (-25%) |
| **States with One Issuer** | 5 | **8** | +3 (+60%) |
| **Percent of Enrollees Covered by One Issuer** | 20% | **29%** | +9 (+45%) |
| **States with 6+ Issuers** | 20% | **20%** | 0 |
| **Average Number of Qualified Health Plans (QHPs) Available, per county** | 30 | **25** | -5 (-17%) |
| **Average Number of QHPs per Issuer, per County** | 10 | **10** | 0 |

**Based on data released by the Department of Health and Human Services and includes those states operating federally-facilitated exchanges: Alaska, Alabama, Arkansas, Arizona, Delaware, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, West Virginia, Wyoming.*

Source: HHS (https://aspe.hhs.gov/system/files/pdf/258456/Landscape_Master2018_1.pdf)


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## Looking Ahead to 2018: Affordability

| | 2017 | 2018 | Difference |
|---|---|---|---|
| **Avg. Monthly Premium for Benchmark Plan for a 27-year-old** | $300 | **$411** | +$111 (+37%) |
| **Avg. Monthly Premium for Lowest-Cost Plan for a 27-year-old** | $248 | **$291** | +$43 (+17%) |
| **Avg. Monthly Premium Tax Credit** | $382 | **$555** | +$173 (+52%) |
| **Percentage of Enrollees with Access to a Plan for ≤$75/month** | 71% | **80%** | +9 (+13%) |

**Based on data released by the Department of Health and Human Services and includes those states operating federally-facilitated exchanges: Alaska, Alabama, Arkansas, Arizona, Delaware, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, West Virginia, Wyoming.*

Source: HHS (https://aspe.hhs.gov/system/files/pdf/258456/Landscape_Master2018_1.pdf)


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## Looking Ahead to 2018: Impact of Tax Credits on Premiums

**Average Change in Premiums from 2017-2018, Nationally, for a 40-Year-Old**

| | Before Tax Credit | After Tax Credit (ATC), $20,000 Income | ATC, $25,000 Income | ATC, $30,000 Income | ATC, $35,000 Income | ATC, $40,000 Income |
|---|---|---|---|---|---|---|
| **Bronze Plan** | +18% | -85% | -69% | -50% | -36% | -24% |
| **Silver Plan** | +32% | -14% | -11% | -8% | -6% | +1% |
| **Gold Plan** | +18% | -26% | -20% | -15% | -12% | -6% |

Source: Kaiser Family Foundation (https://www.kff.org/health-reform/issue-brief/how-premiums-are-changing-in-2018/)


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## What Does This Look Like in Real Life?

Family of two (ages 29 and 28 years old) living in Alexandria, VA making $50,000 per year

$392/month premium tax credit

| Bronze | Silver | Gold | Platinum |
|---|---|---|---|
| 3 Plans $$$$ | 9 Plans $$$$ | 6 Plans $$$$ | 1 Plans $$$$ |
| Average premium $246 per month | Average premium $575 per month | Average premium $671 per month | Average premium $607 per month |
| Lower monthly premiums than Silver, but your deductible is higher and you pay more when you get care. | Higher monthly premium than Bronze, but your deductible is lower and the plan covers more of your costs. | Higher premiums than Silver, but your deductible is lower and your plan pays more when you get care. | Highest monthly premium, but your deductible is very low and your plan pays nearly all your costs of care. |

Source: HealthCare.gov


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# What Does This Look Like in Real Life?

Family of four (ages 35, 32, 6, and 3 years old) living in Alexandria, VA making $87,000 per year

$716/month premium tax credit

| Bronze | Silver | Gold | Platinum |
|---|---|---|---|
| 3 Plans $$$$ | 9 Plans $$$$ | 6 Plans $$$$ | 1 Plans $$$$ |
| **Average premium** | **Average premium** | **Average premium** | **Average premium** |
| **$421** per month | **$1,008** per month | **$1,180** per month | **$1,066** per month |
| Lower monthly premiums than Silver, but your deductible is higher and you pay more when you get care. | Higher monthly premium than Bronze, but your deductible is lower and the plan covers more of your costs. | Higher premiums than Silver, but your deductible is lower and your plan pays more when you get care. | Highest monthly premium, but your deductible is very low and your plan pays nearly all your costs of care. |




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# What Does This Look Like in Real Life?

Family of four (ages 35, 32, 6, and 3 years old) living in Alexandria, VA making $150,000 per year

$0/month premium tax credit

| Bronze | Silver | Gold | Platinum |
|---|---|---|---|
| 3 Plans $$$$ | 9 Plans $$$$ | 6 Plans $$$$ | 1 Plans $$$$ |
| **Average premium** | **Average premium** | **Average premium** | **Average premium** |
| **$1,137** per month | **$1,724** per month | **$1,896** per month | **$1,782** per month |
| Lower monthly premiums than Silver, but your deductible is higher and you pay more when you get care. | Higher monthly premium than Bronze, but your deductible is lower and the plan covers more of your costs. | Higher premiums than Silver, but your deductible is lower and your plan pays more when you get care. | Highest monthly premium, but your deductible is very low and your plan pays nearly all your costs of care. |




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# What Does This Look Like in Real Life?

Single male (aged 38) living in Alexandria, VA making $28,000 per year

$272/month premium tax credit, plus cost-sharing reductions

| Bronze | Silver | Gold | Platinum |
|---|---|---|---|
| 3 Plans $$$$ | 9 Plans $$$$ | 6 Plans $$$$ | 1 Plans $$$$ |
| **Average premium** $88 per month | **Average premium** $274 per month | **Average premium** $329 per month | **Average premium** $292 per month |
| Lower monthly premiums than Silver, but your deductible is higher and you pay more when you get care. | Higher monthly premium than Bronze, but your deductible is lower and the plan covers more of your costs. | Higher premiums than Silver, but your deductible is lower and your plan pays more when you get care. | Highest monthly premium, but your deductible is very low and your plan pays nearly all your costs of care. |

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# Open Enrollment So Far

Open enrollment for 2018: November 1 – December 15, 2017

| | |
|---|---|
| 2.8 Million | • Individuals enrolled in first 4 weeks |
| 718,000 | • New customers enrolled |
| +44% | • Increase in average daily numbers of new consumers |
| +33% | • Increase in average daily returning consumers |
| 112,144 | • Additional Week 4 enrollees in Florida during Week 4 |
| 49 | • States that have seen increases in 2018 enrollment |

Source: Inside Health Policy (subscription required) (https://insidehealthpolicy.com/daily-news/exchange-enrollment-remains-steady-ahead-final-push) (November 30, 2017)

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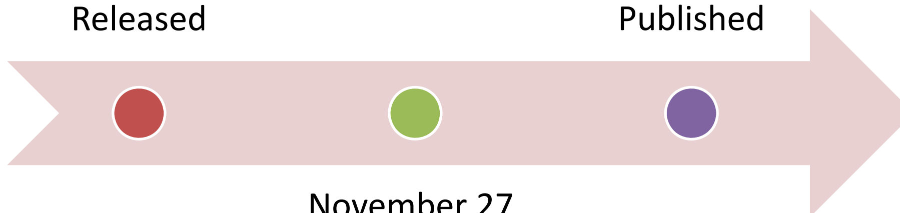
# CHANGES PROPOSED FOR 2019

## Planning for 2019 Continues Despite Uncertainty

October 27, 2017: 2019 Proposed Rule Released

Early 2018: Final Rule Published



November 27, 2017: Comments Due

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## EHBs are Minimum Coverage Requirements

### Essential Health Benefits

- Ambulatory patient services
- Emergency services
- Hospitalization
- Pregnancy, maternity, and newborn care (including breastfeeding support coverage)
- Mental health and substance abuse disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventative and wellness services and chronic disease management (including contraceptive coverage)
- Pediatric services, including oral and vision care


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## Proposals Aim to Delegate More Authority to States

### Benchmark Plan Selection

- Proposal would broaden plans eligible for benchmark plan selection
- States could not change essential health benefit (EHB) categories, but could select different benchmark plans for different categories (except prescription drugs)
- States would be able to select a new benchmark plan each year
- Potential for a federal benchmark plan, including standard prescription drug coverage

### Potential Impacts

- State could select less generous plan as benchmark plan
- States could carve-out certain categories for EHB requirements
- Year-to-year differences in benchmark plans could be confusing for consumers and administratively burdensome for plans


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## Benchmark Plans and Prescription Drugs

Plans must cover at least the same number of prescription drugs in each category and class that the state benchmark plan

Many states selected small-group plans as benchmarks, which led to limits on coverage for some drug classes, like infertility, obesity management and gender dysphoria treatment

What if a state selects a plan with generics-only coverage, or coverage of few specialty products as a benchmark?

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## CMS Open to Possibility of National Formulary

In the proposed rule, CMS also discussed the possibility of building a default EHB package for 2019, including a national prescription drug standard

Plan and pharmacy stakeholders, including AMCP, commented in opposition to this idea

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## Medical Loss Ratio Proposal Still Excludes MTM

- The rule also included changes to MLR rules
- If finalized, plans would be allowed to include fraud prevention in incurred claims
- However, MTM programs are still excluded from "quality improving activities"
- AMCP supports including both fraud prevention and MTM in incurred claims

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## POTENTIAL FUTURE CONGRESSIONAL ACTION

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## Future Path for Full ACA Repeal Unclear

- Attempts at wholesale ACA repeal were unsuccessful
- Bipartisan work in Senate continues but path forward is uncertain
- Tax reform packages currently include repeal of the individual mandate

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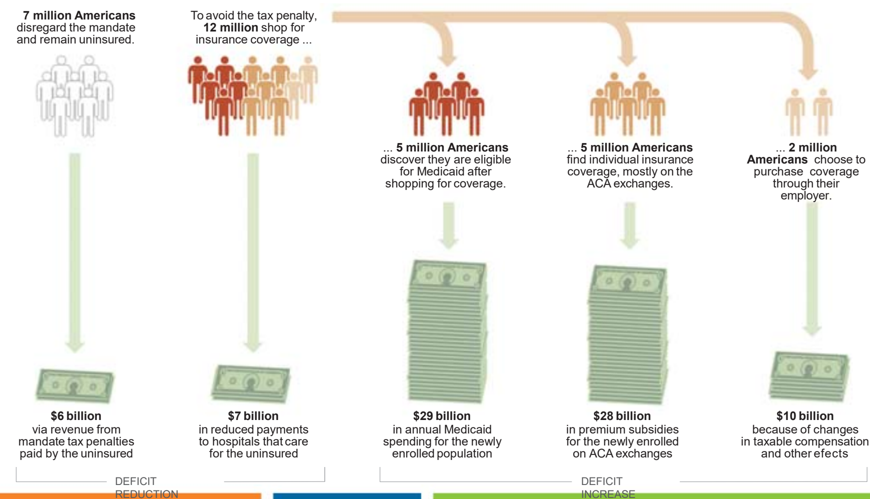
## Impact of Individual Mandate on Coverage




Source: PoliticoPro DataPoint (subscription required) (https://www.politicopro.com/datapoint/2017/11/gop-considers-repealing-individual-mandate-in-tax-reform-bill-000788)

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# QUESTIONS?

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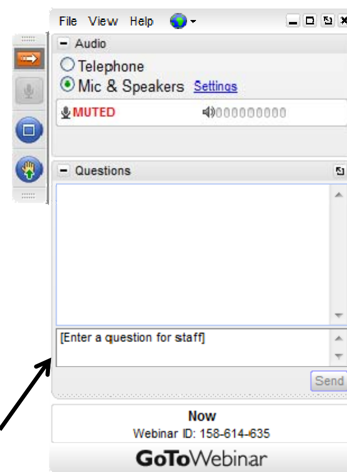
# How to Ask A Question




Type your question in the 'Questions' area

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