

HFMA Reimbursement Summit

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Agenda

- Promises Made?
- No Working Majority
- Repeal and Replace?
- Flexibility
- The Future

Promises Made?

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- “I was the first & only potential GOP candidate to state there will be no cuts to Social Security, Medicare & Medicaid” (Trump)
- “We’re going to have insurance for everybody. There was a philosophy in some circles that if you can’t pay for it, you don’t get it. That’s not going to happen with us.” (Trump)
- People covered under the law “can expect to have great health care. It will be in a much simplified form. Much less expensive and much better... lower numbers, much lower deductibles.” (Trump)
- “I firmly believe that nobody will be worse off financially in the process that we’re going through.” (Price)
- “We don't want anyone who currently has insurance to not have insurance.” (Conway)
- “I am going to take care of everybody ... Everybody’s going to be taken care of much better than they’re taken care of now.” (Trump)

Source: Washington Post, Politico, New York Times

Promises Made?

- No Medicaid or Medicare cuts.
- Universal health insurance.
- Better and simpler health care, with lower out-of-pocket costs.
- Nobody will be worse off financially.
- Everyone currently covered retains coverage.
- “Everybody’s going to be taken care of much better than they’re taken care of now.”

No Working Majority

No Working Majority

- U.S. House of Representatives
 - 430 of 435 seats are filled
 - Need 216 to win
- The “Majority” of 237 Republicans
 - 32 known members of the Freedom Caucus (no list)
 - 172 Republican Study Committee members
 - 50 Tuesday Group members
 - Total above 237 because some are members of two groups
- There still aren’t 216 of the 237 Republicans ***for any specific version*** of a new healthcare bill.

Repeal and Replace?

What's Happening?

- Mechanics: Three-stage process in different settings
 - Pass a reconciliation bill (by Senate majority)
 - Rescind and/or modify federal regulations (HHS, OMB, etc.)
 - Pass additional statutory language (60 Senate votes)
- Give states less money and more flexibility?
- Key features of the House GOP plan
 - Essentially sunset Medicaid expansion after 2020
 - Index health insurance tax credits to age and income
 - Keep popular features: No lifetime limits, no pre-ex, 26ers

ACA/AHCA Comparison

Issue	ACA	AHCA
Individual Mandate	Get insured or pay penalty	REPEAL
Employer Mandate	Provide coverage or pay penalty	REPEAL
Cost-Sharing Subsidies	Tax credits for deductibles, co-pays	REPEAL
Premium Subsidies	Tied to income, reflects local market	Tied to age, means-tested, now also applies to less-generous plans
Medicaid Expansion	Up to 138% FPL	Sunsets from 2020, creates per-capita budgets by enrollment group
Health Savings Accounts	Contribute \$3,400/\$6,750 ('17)	Contribute \$6,550/\$13,100 ('18)
Age Ratios	Can't charge oldest over 3:1	Can't charge oldest over 5:1
Dependents Under 26	Cover on parent's policy to age 26	KEEP
Pre-existing Conditions	Must issue at same price	KEEP *
Essential Health Benefits	Must cover 10 categories of service	KEEP *
Annual/Lifetime Limits	Limits are eliminated	KEEP

Source: New York Times

Original CBO Score

- CBO score on House GOP bill was released in March
 - Reduces deficits by \$337B over the next decade
 - 14M more uninsured next year; 24M by 2026
 - Individual premiums rise through 2020, then trail off ***
- Impact on Medicaid
 - Repeals DSH cuts for non-expansion states
 - Shifts to a per-capita model starting in FY20, with rates based upon FY16 costs and using CPI Medical Care index
 - Limits retro coverage to month of application
 - Restricts eligibility for lottery winners

General Reactions to the Initial AHCA Draft

- Too severe of an impact on seniors
 - Total of 24M losing coverage masks “skewing”...more older Americans drop coverage as younger adults sign-on
 - Change in premium support methodology affects seniors in high-cost areas the most
- Medicaid cuts of \$880B over the decade will affect states differently, but touch everyone
 - Impact of new per-capita growth caps has more of an out-year impact
 - States: The cuts are here – where’s the flexibility?
- Bill is either too moderate or too libertarian for many Republicans, without much positive energy in between
 - Expansion-state Republicans oppose accelerated phase-out of enhanced match
 - Right/libertarian members oppose advanceable tax credits, EHBs

The Manager's Amendment

- Introduces a block grant option for states
 - Fast-track approval mechanism
 - Revisit in a decade
- Allows states to impose work requirements
- Adds 1% to the allowable growth rate for seniors, disabled
- Accelerates the repeal of ACA's taxes
- Uses some of the bill's 10-year savings to increase the value of premium supports for near-seniors
- CBO now scores at \$150B in savings (vs. original \$337B)

Yesterday's Amendment

- Largely focuses on changes to AHCA's Patient and State Stability Fund (PSSF)
- “Original” PSSF was \$100B between 2018 and 2026 for states to reduce insurance premiums in the nongroup market
 - States reimburse insurers for claims above a set threshold
 - States generally not equipped to run such a program
 - Default is that feds would run this for the states
 - State share of 7% in 2020 rises to 50% in 2026 (then sunset?)
- New amendment adds \$15B to PSSF for “invisible risk sharing”
 - No state share
 - CMS defines qualifying high-cost medical conditions and dollar thresholds above which it reimburses insurers for covered claims, percentage paid
- Discussion of state waivers of essential health benefits, guaranteed issue

Flexibility

Recent Letters from HHS

- Priority areas identified by Secretary Price and Administrator Verma:
 - Improve Federal and State Program Management (fast track)
 - Support Innovative Approaches to Increase Employment and Community Engagement (1115, work requirements)
 - Align Medicaid and Private Insurance Policies for Non-Disabled Adults (NEMT waivers, HSAs, eliminating PE and retro coverage)
 - Provide Reasonable Timelines and Processes for Home and Community-Based Services Transformation (HCBS final rule)
 - Provide States with More Tools to Address the Opioid Epidemic (1115)
- Second letter invites states to submit Section 1332 waivers:
 - Cites Alaska's example (special case)
 - Coverage still must (1) serve a comparable number of state residents, (2) be at least as affordable, (3) be at least as comprehensive, and (4) not increase the federal deficit, unless CMS changes regulations
 - States need statutory authorization to submit 1332 waivers

What Do States Want?

- Regulatory relief:
 - HCBS Final Rule
 - New managed care rule, access requirements and reporting
- Financial relief and/or benefit design changes:
 - Essential health benefits?
 - Eliminate the IMD exclusion (16 beds, MH parity issues)
 - Allow for coverage of housing, correctional settings, social determinants, etc.
 - Stop pushing Medicare's costs onto Medicaid
 - EPSDT?
 - Stop mandatory coverage of all FDA-approved drugs
 - Changes to non-emergency medical transportation
 - Work requirements?
 - Financial and/or healthy lifestyle participation requirements
 - FQHC PPS waivers

The Future

What Else Should We Be Thinking About?

- The door at CMS is conceptually open, but...
 - Capacity issues – many key positions are still not filled
 - Unclear how broad the waiver pen actually is
- What's going to happen with the exchanges?
 - Huge impact on Medicaid
 - Radically affects scope/model for potential waiver ideas
- Possibility of a partial federal shutdown after April 28th
 - Freedom Caucus says they won't force it...but what about DSH cuts?
- Other big items on the table
 - CHIP reauthorization, MIECHV reauthorization, making D-SNP authority permanent
- *House v. Price*
 - Insurers must give discounts on out-of-pocket costs for “silver” policyholders with 100-250% household FPL, but Congress didn't appropriate for this

Next Steps

- Keep one eye on Congress...
 - AHCA movement or other changes
 - *House v. Price*
- ...and the other on CMS
 - Regulatory changes
 - Administrative changes, waivers, etc.
- And start thinking about what South Carolina's priorities might be
 - Knowing that any plan would have to fit into a statutory/regulatory framework that might not exist yet
 - Maybe work the refs in the meantime (budget neutrality rules, tweaks to per-capita growth rates, etc.)

