HFMA Reimbursement Summit

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Agenda

• Promises Made?

• No Working Majority

• Repeal and Replace?

• Flexibility

• The Future
• “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)

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

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