Healthcare Reform in the Trump Era: The Fate of the Patient Protection and Affordable Care Act

By Mike Bertaut
Healthcare Economist, Exchange Coordinator
The PPACA Income Continuum

PPACA when fully enforced provides coverage and assistance for most Americans from 0 to 400% of Federal Poverty level Income

**In States that Have Refused the Medicaid Expansion, you get this:**

- **0-22% Existing Medicaid**
- **15% to 138% New Medicaid Expansion**
- **139% to 400% Exchange Subsidy Eligible**
- **401% of FPL and above, you are on your own!**

- **Coverage Gap**
- **23 to 100% FPL**
- **100% to 400% Exchange Subsidy Eligible**
- **401% of FPL and above, you are on your own!**
PPACA “New” Medicaid Population

- Only 1 Category and Only Income Based:
  - Household Income of 138% of the Federal Poverty Line or less
  - Able-bodied are eligible.
  - Over 440,000 enrolled (La) since 7/1/16
  - 18m nationwide

- State Match for new population
  - 2014 to 2016: 0%
  - 2017: 5%
  - 2018: 6%
  - 2019: 7%
  - 2020: 10%
  - After 2020: 10%
### What Is 138% of FPL?

<table>
<thead>
<tr>
<th>HH Size</th>
<th>Annual</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$16,643</td>
<td>$1,387</td>
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<tr>
<td>2</td>
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<td>$1,868</td>
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<tr>
<td>3</td>
<td>$28,180</td>
<td>$2,348</td>
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<td>$33,948</td>
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<td>8</td>
<td>$57,022</td>
<td>$4,752</td>
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<tr>
<td>2017</td>
<td>Results</td>
<td></td>
</tr>
</tbody>
</table>

### What Does it Cost To Use it?

- Medicaid has no premiums, no-copays (except an optional $3 drug copay in certain plans), and no out of pocket spending required in Louisiana 2017.
- Most recipients are very satisfied with Medicaid (?)
How Healthcare.Gov Works 2018
(2nd Cheapest Silver Plan, 56 Yr Old, $3,200 Deductible)

UPDATE!
Trump Cancels CSR Payments for October 2017 going forward.

50% of Individual Market Pays ACTUAL Price

$3,200 Deductible

$0-$100 Deductible

$0.00
$100.00
$200.00
$300.00
$400.00
$500.00
$600.00
$700.00
$800.00
$900.00
$1,000.00

$12,060 (100%)
$16,643 (138%)
$18,090 (150%)
$24,120 (200%)
$30,150 (250%)
$36,180 (300%)
$42,210 (350%)
$48,240 (400%)
Above 400%

$20.20
$44.38
$60.60
$127.43
$188.44
$288.23
$336.27
$384.31
$903.45
# How Many Low Cost Plans? (Zip 70810)

## For a 40 Year Old

<table>
<thead>
<tr>
<th>Income</th>
<th>% of FPL</th>
<th># of $0 Premium Plans</th>
<th># of Plans &lt;$25/month</th>
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<td>$16,500</td>
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<td>5</td>
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<td>3</td>
<td>4</td>
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<tr>
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<td>200%</td>
<td>1</td>
<td>1</td>
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## For a 21 Year Old

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2017 Activity on the Affordable Care ACT
Why is Repealing/Replacing O-Care so Hard?

Is the Republican Tent too Wide?

Have to have 217 Votes to Pass, at first glance, Republicans have the votes to get it done (237 total).

As Trump gives in to FC, Almost Dems leak out.

Freedom Caucus demands full repeal of PPACA
(Want all authority given to Federal Government to regulate Individual and Small Group Insurance markets rescinded)

Unable to get to 217 Bill is pulled Fri PM Mar 24th

Fri Noon
Trump Tells FC that’s it.

Moderate Middle: 185 Members

Almost Dems
16 Members

Freedom Caucus
36 members

Dems: 198 Members
Just Say “No!”

At the End of the Day, FC says not enough repeal, AD’s say throwing too many people off coverage with no assurances.

FC wants full repeal now, work on replacement “Later” (or never).
Freedom Caucus Demands vs Moderate R’s Demands

- FC Demands center around reversing 2010 PPACA power shifts

- **ACA Moved lots of authority over health insurance away from the states and towards the Federal Government**

- Moderates—
  - Cannot handle the optics of millions of people losing coverage, either by reforming Medicaid or the Individual Market
  - Require PRE-X protection forever.
What Reforms were the R’s considering for Business coverage?

• Removes penalties for employer mandate retro to 1/1/16
  • This potentially puts the following in Question:
    • 1095 reporting (replaced by W-2 information?)
    • 30 hours full time
    • EHB’s/Benefit design
    • Grandfathering status
    • Business reinsurance taxes
    • ALE-computations (would seem to make it irrelevant)
    • 1557 determinations (Trump has supported keeping them)
    • Age-rated underwriting
    • Definition of “small group”
Other Proposed **Group Market** changes.

- Delays Cadillac Tax until 2025
- Keeps kids to age 26 on parent’s plan
- Repeals small business tax credit on 1/1/2020.

- **Federal Age-ratio standard to 5:1**, states allowed to set different ratio.
What About H.S.A. Proposals?

• Allows purchase of over-the-counter drugs
• Decreases withdrawal penalty back to 10% (from 20% in ACA)
• Annual contributions increased to $6500 single and $13,100 family
• Catch-up contributions by both spouses at 55
• Allows backward looking payments for 60 days starting 12/31/2017
• Repeals $2,500 FSA contribution limit
How Do R’s Want to Change Medicaid?

• Ends Expansion and Closed Block as of 1/1/20
• Changed funding from No Caps to a per capita payment or closed block.
• Reduced (PPACA Increased) Fed spending by $500-800b over 10 years
• Allowed states to put work requirement on able bodied.
NOTHING HAS CHANGED

THE ACA IS STILL THE LAW OF THE LAND,
& OPEN ENROLLMENT IS UPON US!

STRAIGHT TALK
NOTHING HAS CHANGED!
October 12, 2017: THE Executive Order

- Trump directs 3 Federal Agencies to Develop New rules to do the following:
  - Allow unrelated entities to form Associations across state lines
  - Redefine HRA’s to allow business to buy individual coverage and deduct on their taxes
  - Allow short-term medical plans to last 364 days instead of 90 days (unregulated, not compliant coverage)
- Will take 3-6 months (minimum)
- Tons of Legal Challenges (ERISA)

“How’d I do Rand?”
Update: 11/16/2017 Tax Reform

- House passed their version on 11/16, **does NOT include repeal of the Individual Mandate.**
- Senate Finance Committee debating their bill now, **INCLUDES repeal of the Individual Mandate.**
  - Causes 13m fewer people to have coverage by 2027 by a combination of walking away and price increases (around 10% per year, CBO).
Impact of Individual Mandate Repeal

- Encourages Young, healthy to not buy insurance.
  - Young/Healthy already underrepresented, a lot in risk pool
  - Mandate already has lots of exemptions in place
Exemptions? We Got Plenty!

- Unaffordable Coverage (above 8% of MAGI)
- 3 month coverage gap (9 months covered)
- Income below the filing threshold
- Out of the country for 330 days last year
- Dual citizenship for an entire tax year
- A resident of a US Territory
- A citizen of a country with which the US has an income tax treaty
- Not lawfully present in the United States (undocumented immigrant)
- A non-resident alien
- Anyone who files a 1040 NR
- Member of a healthcare sharing ministry
- Member of an Indian tribe
- Incarceration for any portion of the tax year
- Member of certain religious sects recognized by the SSA as non accepting of insurance
- Two or more family members aggregate costs of employer coverage exceeds 8.05% of HH income
- **Hardship circumstance: homelessness, eviction, foreclosure, domestic violence, death of a close family member, or unpaid medical bills.**
- Unaffordable coverage based on your NEXT year’s projected income.
- Declared ineligible for Medicaid because you live in a non-expansion state..
- Income below 138% of FPL
- Your prior year plan was unrenewable and that triggered affordability problems
- You were in Americorps, VISTA, or NCCC
- Resident of Disaster Areas

28 of them for 2017 Tax Filers!!!
WWW.STRAIGHTTALKLA.COM is your Policy Touchstone

EXECUTIVE ORDERS
ASSOCIATION HEALTH PLANS

MORE COST SHIFTED TO KIDS BY THE FEDS
HEALTHCARE.GOV STILL ON THE WRONG TRACK

SO, WHAT’S THE DEAL WITH MEDICARE AND OPEN ENROLLMENT?

Trump’s Executive Order on Healthcare:
The Process Begins