

HEALTH REFORM OCTOBER 13, 2017

Health Reform 2017: Regulation & Administrative Actions Georgia's Marketplace

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2017 REGULATION & ADMINISTRATIVE ACTIONS

- Executive Order on ACA economic burden (January)
- IRS letter on "silent tax returns" / individual mandate (January)
- Reduced Marketplace advertisement payments (January; present)
- HHS/Treasury letter on 1332 waivers (March)
- HHS/CMS letter on Medicaid program flexibility and 1115 waivers (March)
- Cost-sharing reduction (CSR) subsidy payments (April present)
- CMS marketplace stabilization final rule (April)
- FDA nutrition labeling compliance delayed (May)
- Executive Order on religious liberty, contraceptive mandate; HHS Secretary to reexamine (May)
- HHS/CMS releases RFI for public input on regulatory reductions (June)

COST-SHARING REDUCTION PAYMENTS

- House of Representatives v. Burwell Price (U.S. Dist. Ct. D.C. case no. 14-cv-01967, Nov. 21, 2014)
 - Held: HHS does not have the authority to reimburse insurers for CSRs without congressional appropriation of funds
 - Obama administration appealed; Trump administration and House granted continued abeyance
 - 17 states and D.C. granted motion to intervene
- Unclear if Trump administration will continue to pay
- If payments are stopped for 2018, CBO predicts:
 - Number of areas with no insurers in the Marketplace will increase over next two years
 - Gross silver plan premiums will be 20% higher in 2018; 25% higher in 2020
 - Federal deficits would increase
 - Uninsured counts will increase slightly in 2018, but then lower slightly starting in 2020

COST-SHARING REDUCTION PAYMENTS

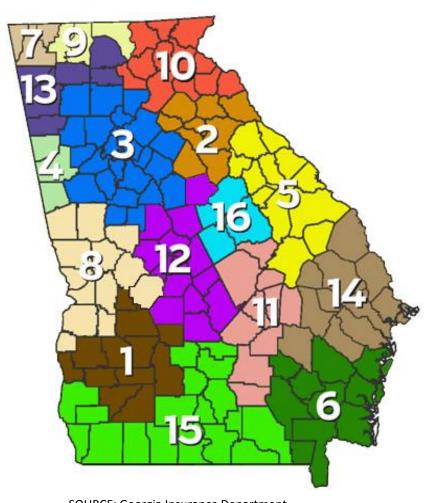
- Lower out-of-pocket expenses for care like deductibles, coinsurance, and copayments.
- For individuals
 - Without access to employer sponsored insurance and
 - With a family income between 100 250% of FPL,
 - Who purchase a silver plan in the Marketplace.
- Silver plan AV is enhanced for eligible enrollees on a sliding scale basis from 70% actuarial value up to 94%.
- Insurers pay claims based on projected eligibility; then payment reconciled.
- Estimated \$7 billion paid for fiscal year (FY) 2017 and \$10 billion for 2018.

GEORGIA MARKETPLACE: PREMIUM & CSR SUBSIDIES

Year	2014	2015	2016	2017
Total Enrollment	310,434	541,032	587,833	493,880
Share with Advance Payment Tax Credits	92%*	89%	86%	87%
Share with Cost-sharing Reduction	68%	67%	65%	69%

^{*2014} share is for December. Attrition was likely higher among non-APTC recipients.

GEORGIA MARKETPLACE: REGIONS



SOURCE: Georgia Insurance Department

GEORGIA MARKETPLACE: ISSUER PARTICIPATION

General Market Location	Georgia Market Number	Total Enrollment 2016	Total Issuers 2016	Total Issuers 2017	Projected Total Issuers 2018
Albany and Rural South	1	10,409	2	1	1
Athens and Rural North	2	16,174	6	3	1
Metro Atlanta	3	357,089	7	5	2
West GA / Carrolton	4	20,855	4	2	1
Augusta	5	23,126	2	1	1
Brunswick	6	12,700	2	1	1
Chattanooga	7	5,998	3	2	1
Columbus	8	16,340	4	3	1
Rural North	9	6,412	3	2	1
Gainesville and Rural NE	10	24,666	4	2	1
Rural South Central	11	7,544	3	1	1
Macon	12	19,821	3	2	1
Rural North West	13	12,515	5	2	1
Savannah	14	34,665	3	3	1
Valdosta and Rural South	15	16,425	2	1	1
Rural - South Central	16	3,094	2	1	1
State wide	Totals	587,833	7	5	4

SOURCES: Centers for Medicare and Medicaid Services, Health Insurance Marketplace Public Use Files; https://www.healthinsurance.org/georgia-state-health-insurance-exchange/; https://www.bcbsga.com/blog/member-news/bcbsga-to-discontinue-many-georgia-individual-aca-health-plans-in-2018/; http://www.georgiahealthnews.com/2017/08/blue-cross-agrees-stay-counties-exchange-option/

GEORGIA MARKETPLACE: PREMIUMS

- Finalized Sept. 27, 2017
- Average increase of 29.2%
 - Alliant 18.6% increase
 - AmBetter 12.4% increase
 - Kaiser Permanente 25% increase
 - BCBS GA 40.6% increase
- Premiums may increase by an additional 23% in GA if CSR payments are cut

THANK YOU!

- Georgia Health Policy Center Health Reform Work Group
- http://ghpc.gsu.edu/project/health-reform/



SUMMARY OF HHS MARKET STABILIZATION FINAL RULE

On April 13, 2017, the Department of Health and Human Services (HHS) issued a final rule', making several changes to regulations for the individual and small-group health insurance markets. The rule was created in response to the increasing number of insurers leaving the exchanges in certain states and counties, in large part due to their inability to attract and keep the healthy consumers necessary for a stable risk pool. As insurers leave markets, consumers have less choice for affordable health plans. destabilizing the risk pools even further.

The final rule seeks to stabilize risk pools for insurers in hopes of stemming their exit from the market, while increasing competition and, therefore, consumer choice and affordability. To accomplish these goals, the rule increases incentives for individuals to remain continuously enrolled, while decreasing the ability of individuals to enroll only after becoming sick. The final rule affects the regulations for individual and small-group markets located at 45 C.F.R. parts 147, 155, and 156 by:

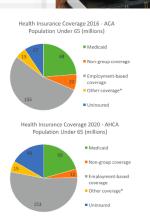
Shortening the open enrollment period for the 2018 plan year so that it runs from November 1, 2017 to December 15, 2017 (currently, the end date is

enrollment applicants, allowing the remaining half to verify eligibility by simply self-certifying that they were eligible. By requiring a higher level of verification, the rule seeks to make it more difficult for individuals to wait until they get sick before enrolling in health insurance.

- Allowing insurers to apply current premium payments to past-due premiums for coverage provided during the preceding 12 months by the same insurer.
- Increasing the minor variations allowed for determining actuarial value (AV) of the four "metal" levels of coverage (bronze, silver, gold, and platinum). Current regulations allow minor variation of AV (i.e., plans must be within two percentage points of 70%, 80%, or 90% to qualify as silver, gold, or platinum plans, respectively). The final rule slightly increases the variation allowed to give more flexibility to insurers in designing new plans and providing more options to keep cost sharing the same from year to year. The rule does not change

Estimated AHCA Costs subsidy elimination \$663 hillion er tax credit \$6 billio -\$357 billion nt-based health \$70 billion verage shifts -\$210 billion nt and State Stability -\$80 billion SH cuts elimination -\$48 billion -\$733 billion not add up to total because of rounding onal Budget Office; staff of the Joint Committee or

further predicted that the health insurance ould have had the same stability under the t currently does under the ACA and that market premiums would have temporarily risen 28% in 2018 and 2019) and then eventually approximately 10% by 2026, as compared to *Other coverage includes: Medicare, Basic Health Program, and other y would have been under the ACA. Declining categories such as student plans, foreign coverage, and Indian Health premiums after 2020 were due to projections that older and sicker individuals would have dropped out, leaving



Source: Congressional Budget Office; staff of the Joint Committ

March 2017

AMERICAN HEALTH CARE ACT

esentatives' Ways and Means and Energy and Commerce committees Affordable Care Act (ACA). The plan, the American Health Care Act a series of ACA replacement proposals circulated among Washington slation was opened to the House floor for consideration, and after four vote. What follows is an overview of key provisions of the AHCA, as 2017, including proposed changes to Medicaid and the individual

REMAINING PROVISIONS OF THE ACA

Despite making substantial changes to the ACA, the following insurance market provisions would remain:

- · No preexisting condition exclusions;
- · No health status underwriting
- · Guaranteed issue and renewability;
- No annual or lifetime limits:
- Dependents can remain covered until age 26: and
- · Caps on out-of-pocket expenses

Several of the themes from previous ACA replacement proposals were not included in the AHCA. Some of these policies may have been excluded because they