

REPEAL & REPLACE ACTIVITY REPORT **FOR THE WEEK OF FEBRUARY 3RD, 2017**

ACA Repeal and Replace/Repair/Delay

GOP messaging shifts from “replacing” to “repairing” the ACA¹

After months of key Republican lawmakers continuing the fight to dismantle the Affordable Care Act, several prominent party members are beginning to shift their rhetoric away from repealing and replacing the law towards the more modest trajectory of a plan of “repairing” the law. This change speaks to the complexities faced by Republicans in getting rid of the ACA: many ACA provisions are popular among constituents and some intended GOP repeal efforts could have direct and negative repercussions on these popular components.

One of the most notable splits within Republicans is over what to do about the Medicaid expansion, which provides coverage to about 11 million newly eligible individuals with low incomes. Lawmakers from 31 states that accepted the expansion have expressed a desire to protect the expansion and the federal money for their states that came with it. Other lawmakers are worried repeal could cause chaos in the insurance market, be politically damaging to Republicans, and cause their constituents to lose coverage. These contentions have contributed to a discussion revealing the potential for compromise in the minds of several representatives throughout the House and the Senate, but stringent conservatives like Senator Hatch (R) of Utah and Representative Brady (R) of Texas are still vying for a complete ACA repeal despite not having any feasible alternatives at this point.

Health insurers warn fewer marketplace plans for 2018 without continued subsidies²

On Wednesday, Feb. 1st, a hearing was held by the Senate Committee on Health, Education, Labor and Pensions. Witnesses, including America’s Health Insurance Plans (AHIP), state insurance commissioners, and brokers, warned that unless the government promises to continue subsidies and other features of the law for at least another year, some states probably will not have any insurers selling health plans to individuals buying coverage on their own for 2018. AHIP predicted that insurers would leave the exchange and, for carriers who remained, rates would likely be increased by about 20%. GOP members openly disagreed during the hearing on their next steps. Senator Alexander expressed hesitancy in repealing the ACA without a replacement plan and tackling changes to the individual market in a separate effort from Medicaid and Medicare, while Senator Hatch reiterated his desire to move quickly move ahead with a full repeal.

¹ <http://thehill.com/policy/healthcare/317441-gop-talk-shifts-from-replacing-obamacare-to-repairing-it>

² https://www.washingtonpost.com/national/health-science/health-insurers-warn-of-wider-defections-from-aca-marketplaces-for-2018/2017/02/01/c507ec78-e807-11e6-bf6f-301b6b443624_story.html?utm_term=.3dd3bb59a949

Open enrollment period ends in ACA marketplaces^{3,4}

Enrollment in ACA marketplace health plans for 2017 ended on January 31st (although some states extended enrollment for those who had started their applications by the 31st) and several advocates working in states that use the federal site HealthCare.gov said they were swamped with enrollment appointments and phone calls from consumers, despite the Trump administration's decision to pull millions of dollars of advertising. Although the administration did end up allowing some outreach efforts to continue (e.g. Twitter messages and automatic email reminders), the low-key push from the Trump administration was a striking contrast to past years, when former President Barack Obama made personal pitches, including appearing on non-traditional programs like "[Between Two Ferns](#)" with comedian Zach Galifianakis, and officials such as HHS Secretary Sylvia Mathews Burwell fanned out across the country to do local outreach. Final enrollment numbers are not yet available, but the most recent estimates put enrollment at 8.5 million through HealthCare.gov and more than 3 million in state-run marketplaces.

Commonwealth Fund report finds ACA made it easier to buy health insurance⁵

Based on findings from the Fund's Biennial Health Insurance Survey of more than 6,000 adults under age 65, conducted between July and November 2016, the authors found that the percentage of people with incomes below \$48,500 for a family of four who reported having trouble finding a plan they could afford dropped nearly 30 percentage points, from 64 percent in 2010 to 35 percent in 2016. Furthermore, 70 percent of people with health problems said they had trouble finding a plan they could afford in 2010, compared to 42 percent in 2016. The survey also found that among people who shopped for insurance on their own, 34 percent said they could not find an affordable plan in 2016, down from 60 percent in 2010.

Minnesota governor signed bill to cut ACA premiums⁶

Minnesota's Governor Mark Dayton on Thursday, January 26th, signed legislation creating state-funded subsidies for roughly 125,000 residents to reduce their individual market premiums. The subsidies will cut premiums by 25 percent, according to state officials.

Medicaid

Indiana looks to extend Medicaid experiment started under Obamacare⁷

Indiana is seeking to keep its own version of the Medicaid expansion. The state applied to

³ <http://www.politico.com/tipsheets/politico-pulse/2017/02/meet-neil-gorsuch-and-where-he-stands-on-health-issues-218522>

⁴ <http://www.politico.com/tipsheets/politico-pulse/2017/01/trumps-travel-ban-rattles-medical-residency-programs-218499>

⁵ <http://www.commonwealthfund.org/publications/issue-briefs/2017/feb/how-the-aca-has-improved-ability-to-buy-insurance>

⁶ <http://www.politico.com/tipsheets/politico-pulse/2017/01/trumps-travel-ban-alarms-health-care-leaders-218471>

⁷ <http://www.npr.org/sections/health-shots/2017/02/01/512824269/indiana-looks-to-extend-medicaid-experiment-started-under-obamacare>

extend a regulatory waiver until January 2021 where its package of incentives and penalties are designed to encourage low-income individuals on Medicaid to adopt healthy behaviors. Their design also incorporates a system where beneficiaries pay premiums, get health savings accounts, and are at risk of losing their benefits if they miss payments. The state's filing would expand beneficiaries' access to substance abuse treatments and add incentives for members to quit smoking and use chronic disease management programs. Without the approval of the Trump administration, federal funding for the expansion will run out in 2018. State officials confirmed they would follow through with their plan if Medicaid is turned into a block grant but refused to discuss what would occur if the ACA was repealed and eliminated funds for expansion. Other states are considering following the structure of Indiana's Medicaid plan, including Kentucky and Ohio.

GOP begins hearings on Medicaid changes⁸

Republicans are eyeing how they can reform Medicaid, and health insurers that offer Medicaid plans want them to look beyond questions of funding and expansion. A hearing before the Energy and Commerce Oversight Subcommittee Tuesday offered some insight into how lawmakers on a key health care panel want to change the federal program for low-income Americans, such as making it more efficient. But the hearing offered no details on the biggest question facing Republicans: whether to repeal the Medicaid expansion. There was also no clarity on President Trump's suggestion to use block grants to expand the program's coverage.

Medicare

U.S. proposes 0.25 percent hike in Medicare Advantage payments⁹

On Wednesday, the US government has proposed a 0.25% hike on average Medicare Advantage payments to health insurers who provide health benefits to more than 18 million elderly and disabled people. While it is still unclear if Republicans will make any broad changes to the Medicare program but Medicare Advantage may see a boost in the plan for more private programs. Now, the insurance companies have 30 days to respond to the proposed payment rates and other changes which may result in a request for a higher increase.

Providers lobby Trump, Congress to follow path away from Medicare fee-for-service¹⁰

In response to the uncertainty in President Trump's health care plan, providers and health insurers began lobbying Congress and the Trump administration to push Medicare towards

⁸ <http://khn.org/morning-briefing/wednesday-february-1-2017/#breakout-696596>

⁹ http://www.reuters.com/article/us-usa-healthcare-medicare-advantage-idUSKBN15G5OL?utm_campaign=KHN%3A+Daily+Health+Policy+Report&utm_source=hs_email&utm_medium=email&utm_content=41851067&_hsenc=p2ANqtz-sUk6DcBN20AVm1wsgyD_UBNqTIBpkr9EaONyhZKXnOsjlUjV4NhZevZyeoO43-Y0VpOw3Wh1UJFppQIAAR95ZhKx3A&_hsmi=41851067

¹⁰ http://www.modernhealthcare.com/article/20170125/NEWS/170129942?utm_campaign=KHN:%20Daily%20Health%20Policy%20Report&utm_source=hs_email&utm_medium=email&utm_content=41389837&_hsenc=p2ANqtz-ZKqA3PEkmFnTcFRpWsVsroEVk-h7EgWp9lyzWzUlisacnz90HEOS6-ZkxiQ7hU49BA-8i0_B5wX_ZfhOV01UHmsa1XA&_hsmi=41389837

more value-based payment models. Given the amount of investments towards adopting value-based payment models such as the accountable care organizations, many healthcare leaders are seeking reassurance from the administration to protect these models. HHS Nominee Tom Price has been vocal on his criticism towards Centers for Medicare and Medicaid Innovation Center that has led the way for these value-based models. Therefore, these health care leaders are working towards ensuring that the incentive to enter these model remain in place.

Other news

Senate Finance confirms Price, lifts rule to vote without democrats¹¹

On Wednesday, Feb. 1st, Republicans on the Senate Finance Committee suspended committee rules and confirmed U.S. Representative Tom Price to head the Department of Health and Human Services on a straight party line vote, sending the nominations to the Senate floor. Under pressure from their political base to block President Trump's nominees, Democrats stayed away from the meeting for a second day running. This normally would have stopped action, but Republicans plowed ahead by voting to suspend the rule that required at least one Democrat to be present for business to be conducted.

Following meeting with PhRMA, Trump reverses on negotiating drug prices¹²

After meeting with PhRMA president and a number of drug company CEOs, President Trump announced that he will “oppose anything that makes it harder for smaller, younger companies to take the risk of bringing a product to a vibrantly competitive market. That includes price-fixing by the biggest dog in the market, Medicare, which is what's happening. But we can increase competition and bidding wars big time - we have to - into that program.” The President went on to say that instead his administration plans to lower taxes and reduce regulations. This is in contrast to his earlier calls for negotiating drug prices.

¹¹ http://khn.org/latest-morning-briefing/?utm_campaign=KHN%3A+Daily+Health+Policy+Report&utm_source=hs_email&utm_medium=email&utm_content=41851067&hsenc=p2ANqtz--ZMtXM4NNocLUshYDYJULGt3APoKMBUol-YYbCF_uhe-liymRD5FIVqYf0kB4U5vBbLpMMjz8KDKW1CrXl6Jz9LTFQ&hsmi=41851067#breakout-696956

¹² <http://www.vox.com/policy-and-politics/2017/1/31/14453740/trump-medicare-prescription-drugs>