



ACA: Should it stay or should it go?

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Call it what it is ...

Health Care Reform  
**Health Insurance Reform**



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Points of Discussion

- How did we get here?
- Individual Mandate
- Small group vs. Large group
- Where the market is going
- Repeal and Replace...Repair...



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 Back in the good 'ole days

**1995 health insurance**

- \$250 deductible
- 100% coverage
- \$5/\$10 RX
- \$99 ee/ \$350 family
- 50% employer contribution
- EER \$600/ EE \$600 annual
- EER \$50/ EE \$50 monthly
- EE \$25 ppp



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 Today...

**2017 health insurance**

- 3K-5K deductible- HDHP base plan
- 100% or 80% coverage
- 10/40/60/25% RX
- \$450 ee/\$1,800 family
- 50% employer contribution
- EER \$2,700/ EE \$2,700 annual
- EER \$225/EE \$225
- EE \$112.50 ppp



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 How did we get here?

- Cost of healthcare
- Pharmaceutical companies
- Higher premiums
- **Lifestyle- we aren't healthy**
- ACA- no pre-ex
- Carrier requirements-
- Deps to age 26 "Failure to launch rule"

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### Lifestyle-personal responsibility

- 2/3 Employers say that health & well being is core part of organization EE value proposition
- Employers define health & well being  
Physical 61%, Emotional 36%, Financial 28% ,Social 24%
- 25% of employers invest in wellness initiatives
- 67% used financial rewards in 2016 (77% in 2015)
- 40% Financial well-being programs (18% in 2017)

**Going the wrong way!** The Culprit Behind America's Poor Health-Culprit & the Cure by Steven Aldana Ph.D.

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### Rules of engagement

- **Don't presume that you know the right answer.** be sure to seek more information before you engage in conversation. Seek different angles and to obtain information from different resources.
- **Seek out the opinions of people with whom you disagree.** Surrounding yourself with like- minded people all of the time won't give you opportunities to hear other perspectives.
- **Assume best intentions.** It's easy to react before fully accessing a situation, take the time to understand motivations before making a judgment
- **Find agreement.** The first rule of negotiating is to find common ground. People often want the same things, even if they differ on how to get them.

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### We can't pretend it doesn't exist!



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### New ACA Vocabulary

- PPACA
- Minimum Value
- Affordability
- Minimum Essential Coverage (MEC)
- Variable Hour Employee
- Applicable Large Employer (ALE)
- Defined Contribution
- Pay or Play
- Commonly Owned Companies
- Transition Relief
- Exchange Subsidies
- Full-time Equivalents (FTE)
- 60% Actuarial Value
- Public Exchanges
- Modified Adjusted Community Rating
- Average Total Number (ATNE)

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### 3 groups to discuss

- Individual Mandate**
- Small Employers**  
fewer than 50 ees
- ALE -Large Employers**  
50+ FT/FTE employees

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### Individual Mandate

- Penalties started Jan. 1, 2014: American citizens and legal residents must enroll in coverage or pay a penalty.
- Penalty amount: Greater of \$ amount or a % of income:  
2017 is same as 2016: \$695 or 2.5% (\$347.50 per child- up to \$2,085 for family)
- Federal Exchange opened for business Fall 2013. Now 12.7 in marketplace.
- 10M people receiving subsidies from Federal Exchange
- Individual carrier dropping from Exchange. No more commissions for selling individual plans
- 10 out of 21 carriers offered plans in Texas on Marketplace – by county

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### Info on small group

- No requirement to offer coverage
- New rating rules apply (community rating) – benefits based on actuarial values (metallic plans)
- No medical underwriting
- No pre-ex

Metallc plan name	% of costs covered by plan
Bronze <small>Bronze Plan</small>	60%
Silver <small>Silver Plan</small>	70%
Gold <small>Gold Plan</small>	80%
Platinum <small>Platinum Plan</small>	90%

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### Large group ALE's

- Play or Pay
- Must offer coverage to FT employees (30+hrs/week) and dependents to avoid penalties
- Coverage must be **affordable** and provide **minimum value**
- Underwriting still important

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### Poor large group...

- Play or Pay
- Variable hour Tracking
- 1094/1095 Reporting
- Measurement period
- Stability periods
- Administrative periods
- Affordability
- Safe harbors
- Minimum Value
- COBRA
- 5500s
- Penalty A & B
- Form W-2 Reporting
- Transitional relief
- Exchange notices
- Full time equivalents FTE
- Aggregated (common control group)
- Minimum Essential Coverage
- Medicare D notices
- FMLA

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### Employer sponsored Health Care

- 540 employers/12.2M respondents
- 6-9% increases
- What drives cost of health insurance:  
participation, efficiency, subsidization
- National average PEPY \$8,668-15,830
- 66% wanted choice of plans-94% of EERs offer 2 plans

Willis Towers Watson – Best Practices in Health Care Survey 2016  
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### Strategies to reduce premiums

- Contribution strategies
- Plan Design
- HRA
- Defined contribution
- Premium Incentives
- Spousal Surcharge
- Pharmacy Analysis
- Benefits packages
- Telemedicine and Virtual Visits

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### New President



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### Speculation

- Consumerism (HDHP's and HSAs)
- No Individual and employer mandates
- Insurance sales across state lines
- "Grandfather" those in federal exchange
- Relaxed 1095/1094 reporting
- Healthcare Industry trends
- Employer Exclusion

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### HDHP Design and Participation

Type of Coverage	Minimum Annual Deductible	Annual Out-of-pocket Maximum
<b>Self-only</b>	\$1,300 (2016 and 2017)	\$6,550 (2016 and 2017)
<b>Family</b>	\$2,600 (2016 and 2017)	\$13,100 (2016 and 2017)

**THEN:** HDHP in 2002- 2%    **NOW:** HDHP in 2016- 77%

**THEN:** HDHP in 2006- 8%    **NOW:** HDHP in 2016- 45%

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### HSA Contribution Limits and Employer contribution

Type of Coverage	2016 Limit	2017 Limit
Self-only	\$3,350	\$3,400
Family	\$6,750	\$6,750

**THEN:** 2007- 15%    **NOW:** 2016- 60% (not true in SA)

•HRA more prevalent in SA

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### Possible changes to HSA's

- Decrease minimum deductible from \$1,300 to \$1,000
- Increase maximum out-of-pocket from \$6,550 to \$7,000 or unlimited
- Increase eligibility - why do you have to be on a HDHP?
- Expand definition of Qualified medical expenses (Over-the-counter drugs without a prescription, cosmetic surgery, General health items ,weight loss programs, nutritional supplements)

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### Health Care Industry Trends

- Provider networks
- EPO
- ACO
- Skinny networks
- Telemedicine
- Get a primary care physician now!



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### First steps toward Repeal... Replace... Repair

- Jan 12- US Senate passed budget resolution (vote 51-48) provides direction for how republicans can start rolling back ACA
- Jan 13-US House passed same budget resolution (vote 227-198)
- Non enforcement is available through the budget reconciliation process, but the law still exists

**"Without a clear replace plan, the millions of Americans currently purchasing coverage through the Exchanges could be exposed to major premium increases."** The Council of Insurance Agents & Brokers

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**Repeal and Repair...**



**President Donald Trump**  
Healthcare Reform to Make America Great Again



**Speaker of the House Paul Ryan**  
A Better Way Healthcare Policy Paper



**HHS Secretary Tom Price**  
Empowering Patients First Act

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**... and more repair.**





**Senators Hatch (R-UT), Burr (R-NC) and Representative Upton (R-MI)**  
Patient Choice, Affordability, Responsibility, and Empowerment (CARE) Act

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**Replacement Bills**

**House Republican Health Reform Proposals: 114<sup>th</sup> Congress**

In the 114<sup>th</sup> Congress alone, House Republicans have introduced more than 400 individual bills that would improve our nation's health care system. Below are just a few of those ideas:

- HR 954: Coverage Under the CO-OP Program – Rep. Adrian Smith
- HR 4499: PRO-P Act of 2016 – Rep. Alexander Mooney
- HR 2603: Saving Lives, Saving Costs Act – Rep. Andy Barr
- HR 221: Obamacare Taxpayer Bailout Prevention Act – Rep. Andy Harris
- HR 795: Medicare Payment Rate Disclosure Act – Rep. Bill Huelskamp
- HR 1636: Vaccine Safety Study Act – Rep. Bill Posey
- HR 4058: Obamacare Full Disclosure Act – Rep. Bill Shuster
- HR 815: Access to Professional Health Insurance Advisors Act – Rep. Billy Long
- HR 596: Repeal the Patient Protection and Affordable Care Act – Rep. Bradley Byrne
- HR 1624: Protecting Affordable Coverage for Employees Act – Rep. Brett Guthrie
- HR 886: State Flexibility and Workforce Requirement Act – Rep. Bruce Westerman

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## Replacement ideas

HR 3352: State Health Care Options Act – Rep. Randy Hultgren  
 HR 1348: Health Insurance Freedom Act – Rep. Renee Elmers  
 HR 4262: Transparency and Accountability of Failed Exchanges Act – Rep. Rick Allen  
 HR 1446: Healthcare Consumer Privacy Act – Rep. Robert Hurt  
 HR 2513: PACE Act – Rep. Sam Johnson  
 HR 2841: FAST Generics Act – Rep. Steve Stivers  
 HR 536: Provider Tax Administrative Simplification Act – Rep. Steve Womack  
 HR 4362: State Health Flexibility Act – Rep. Todd Rokita  
 HR 2300: Empowering Patients First Act – Rep. Tom Price  
 HR 1178: Ensuring Equal Access to Treatments Act – Rep. Tom Reed  
 HR 4771: HEALTH Act – Rep. Trent Franks  
 HR 5324: Health Savings Account Expansion Act of 2016 – Rep. Dave Brat

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## Same ideas...

### More Choices, Lower Costs, Greater Flexibility...Protecting and Strengthening Coverage Options for All Americans

Recommendations

<ul style="list-style-type: none"> <li>✓ Expanding Consumer-Directed Health Care Options</li> <li>✓ Making Support for Coverage Portable</li> <li>✓ Preserving Employer-Sponsored Insurance</li> <li>✓ Purchasing Across State Lines</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expanding Opportunities for Pooling</li> <li>✓ Preserving Employee Wellness Programs</li> <li>✓ Protecting Employers' Flexibility to Self-Insure</li> <li>✓ Medical Liability Reform</li> </ul>
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Recommendations

<ul style="list-style-type: none"> <li>✓ Pre-existing Condition Protections</li> <li>✓ Practical Reforms</li> <li>✓ Coverage Protections</li> <li>✓ Continuous Coverage Protections</li> <li>✓ Fair Premiums</li> </ul>	<ul style="list-style-type: none"> <li>✓ State Innovation Grants</li> <li>✓ High-Risk Pools</li> <li>✓ Open Enrollment Period</li> <li>✓ Protecting Life and Conscious Rights</li> </ul>
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## The Truth

- Some parts of the ACA should probably stay, and other parts should go. And that's probably what's going to happen...
- Portions of the ACA will be repealed.
- It will be difficult to repeal the entire bill, though, since Republicans don't have a filibuster-proof super majority.
- Even so, many of the ACA's provisions will remain in one form or another (they're included in the replacement plans).
- Many of the proposals are aimed at reforming government programs like Medicare and Medicaid and bringing down costs in the individual market. The impact on employer plans will be less (as it was with the ACA).
- Some of the mandates and reporting requirements may go away, but not right away. For now, the ACA is still the law and they should plan on following its provisions in 2017.

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### Your Marching orders

- Help Individuals save for healthcare expenses
- Offer "Financial Wellness" seminars
- Encourage health & wellness
- Encourage physicals, preventive care, medication compliance

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### Questions?



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