

Health Policy in Transit Update May 2017



Since releasing our “Health Policy in Transit – A Purchaser Viewpoint” in February, 2017, the House has passed the American Health Care Act. The Senate is expected to pursue a parallel but different path which will later be reconciled. The following reconciles AHCA with the principles previously provided.



- Do not repeal the Affordable Care Act without specifying what will replace it.
- Preserve employer-sponsored coverage by refraining from capping the individual tax exclusion for premiums and continue to allow businesses to fully deduct the costs. This coverage remains the dominant way through which most Americans receive their coverage.
- Avoid increasing the number of uninsured individuals, as the cost of their inevitable medical care will get shifted to those who pay the bills. This is a hidden and unregulated tax on employer-purchasers.
- Continue to support the move away from Fee-for-Service (or “volume-based reimbursement”) and toward Alternative Payment Models (APMs) where providers are rewarded for good outcomes and high quality and not reimbursed for medical errors, unnecessary procedures, and other low value care. Preserve the ability of the federal government to partner in these efforts (CMMI and other value-promoting elements of the ACA, MACRA).
- Expand assistance to states, regions, and local communities promoting transparency. This means pushing hospitals and medical groups to be more transparent about the quality of care they provide as well as statutory authority and funding to non-profit organizations developing robust healthcare price and quality information.
- Support comparative effectiveness research. Employer-purchasers need to know which new or higher cost therapies result in outcomes that are significantly better, somewhat better, about the same, or worse than current or less costly options.
- Allow employer-purchasers maximum flexibility in experimenting with benefit designs.
 - Flexibility around waiving co-pays and deductibles particularly under HDHPs (eg. preventive services, chronic care support, on-site clinic services)
 - Premium differentials and other incentives for non-smokers, healthy behaviors and outcomes, as well as wellness program participation
 - Narrow networks to encourage use of high-quality, lower cost providers
 - Protect against “surprise” bills (eg. “out-of-network” bill from the anesthesiologist or other provider when patient was “in-network”)
- Maintain ERISA preemption. Amend statutory language to explicitly exempt ERISA plans from any new requirements under Sect. 1332 waivers.

- Do not repeal ACA without specifying what will replace it - *Partial* – While AHCA clearly repeals federal financing for expanded Medicaid coverage and reduces the amount of federal funding for exchange tax credits, it grants a great deal of discretion (and therefore uncertainty) around consumer protections in states applying for ACA waivers.
- Refrain from capping the individual tax exclusion for premiums and allow businesses to fully deduct the costs – *Partial* - Does not impact the tax exclusions and business deduction for employer sponsored coverage and delays the Cadillac Plan Tax by six years.
- Avoid increasing the number of uninsured – *Does not meet* – Elimination of subsidies, individual and employer mandates and reduction in Medicaid Expansion while replacing with tax credits and high risk pools is estimated to ultimately lead to 20+ million more uninsured.
- Continue to support the move away from Fee-for-Service toward Alternative Payment Models – *Does not address*
- Expand assistance to states, regions and local communities promoting transparency – *Does not address*
- Support comparative effectiveness research – *Does not address*
- Allow employer purchasers maximum flexibility in experimenting with benefit designs – *Partial* – Provides added flexibility related to HSA limits but does not introduce new flexibility related to value based design.
- Maintain ERISA preemption – *Preserved*

For detail on the American Health Care Act, we recommend one of the following sources: [Click here](#)