

# TRACKING TRENDS

Donald Trump has been elected the forty-fifth president of the United States and the 115th Congress has taken shape and been named by *The New York Times* as “the most powerful and ambitious Republican-led Congress in 20 years.” Come January 20, the Republican Party will have full control of the government and the fight to repeal, and possibly replace, the Affordable Care Act will be a top priority for the party this session. The 2016 Election will have a tremendous impact on many aspects of health care. From insurance coverage to prescription drug prices, many changes are anticipated.

## Affordable Care Act

Since passage of the Affordable Care Act, several Republicans have proposed using a budget process that allows Congress to use a simple majority to pass a bill, known as reconciliation, to repeal major parts of the bill. Democrats used this same process to pass the ACA in 2010. However, in order to repeal the ACA the reconciliation must be budgetary in nature.

The American Hospital Association (AHA) has released a study by the health economics firm Dobson|DaVanzo. The report estimates the financial impact from 2018-2026 on hospitals under the most recent repeal bill, H.R. 3762. The impact to Rhode Island is \$1.7 billion in reduced Medicare payments. This comes on the heels of more than \$1 billion in cuts implemented in 2010 to fund the ACA and Medicaid expansion.

The ACA provided insurance to 30,000 Rhode Islanders via HealthSource RI and expanded Medicaid coverage to an additional 70,000 individuals. A repeal of the Affordable Care Act will mean 100,000 patients without coverage and result in increased free care provided by hospitals.

These payment reductions and increases in uncompensated care will devastate already fragile hospitals. Hospitals must have funds available to invest in delivery system transformation efforts, technology, workforce and infrastructure improvements. Hospitals provide nearly \$7 billion in economic activity each year. The financial health of hospitals is key to a strong, stable and healthy Rhode Island.

## Repeal and Replace

Once Congress has repealed the ACA, a likely replacement for the law is Rep. Tom Price’s Empowering Patients First Act. The law would:

- Offer age-adjusted tax credits for the purchase of individual plans
- Include family health insurance policies
- Provide incentives for health savings accounts
- Offer grants to states for “high-risk” populations
- Allow insurers licensed in one state to sell policies to residents of others
- Authorize business and professions groups to provide coverage to members through “association health plans”
- Eliminate Planned Parenthood’s preventive health services

Stay	Go
Tax Credits/Cadillac tax	Individual mandate
Denial of individuals based on pre-existing health conditions	Employer mandate
Opting for high deductible plans	Planned Parenthood preventive health services
Health savings accounts	Medicaid expansion (State Block Grants)
CMMI	Waiver provisions (DSRIP)
Delivery/Payment	Federal Exchanges



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## Medicaid

Changes are coming to Medicaid. The likely establishment of block grants or per capita caps would end the open enrollment approach and provide states with annual lump sums allowing states to run the program as they wanted. However, states would be responsible for covering costs beyond the federal allotment. In addition, waiver provisions would be implemented and create:

- Premiums for beneficiaries
- Coverage lock-out for individuals who fail to pay premiums
- Establishing health savings accounts
- Healthy behavior incentives
- Require work condition for eligibility

The \$129 million federal waiver received by Rhode Island to implement delivery system reforms could be at risk.

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## Congressional Priorities

Although the ACA will surely be at the top of the congressional agenda, there are several other healthcare issues that will become priority this session. The Children's Health Insurance Plan (CHIP) is set to expire September 30, 2017 and usually receives bipartisan support, however Republicans may call for Medicaid reform and block grants as part of a CHIP reauthorization.

Drug pricing will be another top healthcare priority. Congress will likely investigate pharmaceutical companies' price decisions and pharmaceutical misclassifying drugs under Medicare and Medicaid rebate programs. In addition, structural and premium reform within Medicare will be another top issue.

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## Important Players

President-elect Trump has appointed Rep. Tom Price as secretary of Health and Human Services. Rep. Price is a six-term member of the House of Representatives with a medical background as an orthopedic surgeon and his priorities include:

- Repeal of the ACA
- Liability reform
- Physician payment reform
- Regulation relief

Seema Verma has been appointed by the president-elect as the Centers for Medicare & Medicaid Services (CMS) director. She is the president and founder of SVC Consultants and has redesigned Medicaid in six states.

