

Health Care Policy: To the 2020 Election & Beyond

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Unprecedented times?

September 28, 1918, Philadelphia holds “The Liberty Loan Parade” attended by 200,000 people



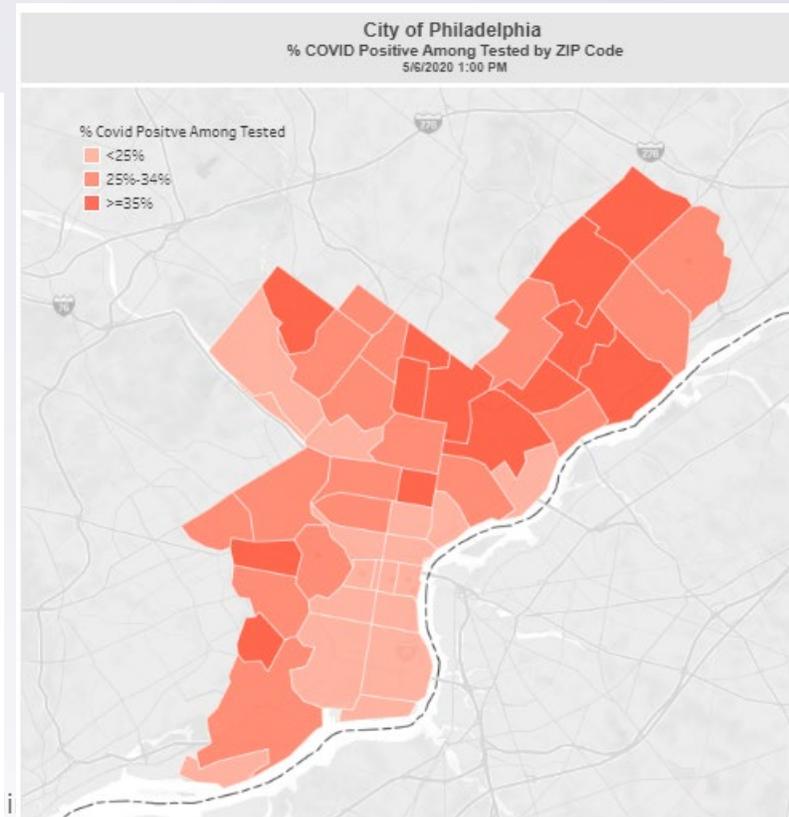
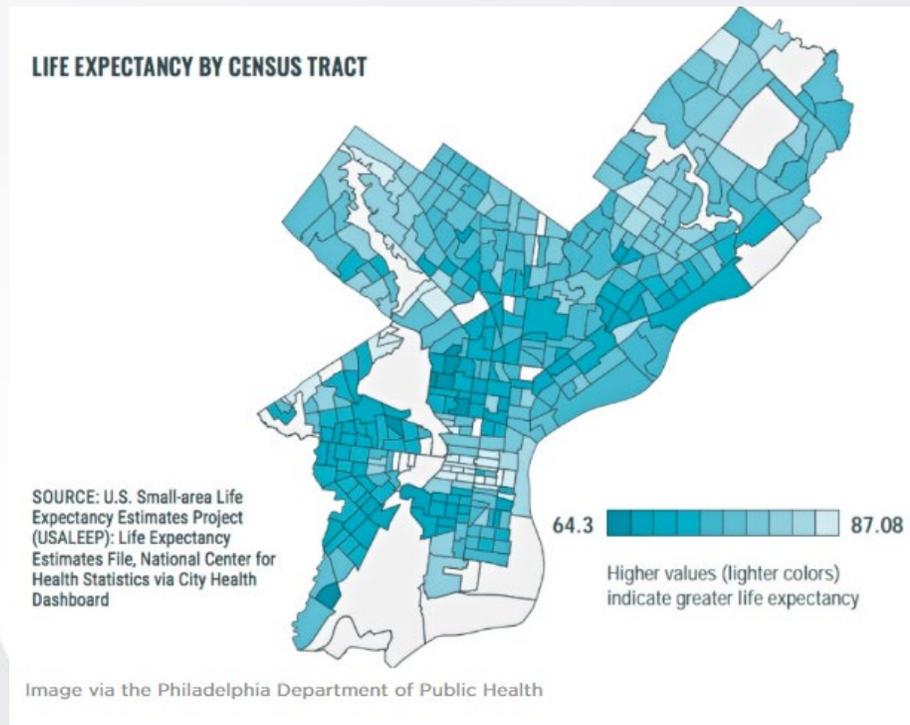
Just 72 hours after the parade, all 31 of Philadelphia’s hospitals were full and 2,600 people were dead by the end of the week.

Lessons from a COVID-19 Hot Zone

- **Viruses do not spread uniformly**
- Second Quarter focus: PA, NJ, NY, and DE accounted for roughly 43% of US cases of COVID-19, and 42% of COVID-related Deaths
 - As of 9/28/20, the epicenter has shifted to the Midwest
- While just about every business has been impacted by COVID-19 related shutdowns, many businesses in many parts of the country have not yet been directly impacted by the virus itself.
 - They should not take false security in the experience to date, and should proactively develop risk management plans

Lessons from a COVID-19 Hot Zone

- **COVID-19 is not affecting populations equally**



On-Site Safety as we enter Flu-Season

The question of whether a worksite is safe is not a question related to employee benefits

Property and Casualty

Clinical

What does this all mean for our business?

Actuaries are having difficulty assigning risk for 2021

They're struggling to anticipate what the direct risk related to COVID-19 looks like while balancing the probability that providers will attempt to recapture lost revenue (either through the halting of services or through cost-shifting driven by Medicare reimbursements)

There is a probability that employers offering fully-insured health plans will be expected to subsidize these unknowns at enhanced rates in 2021 and beyond.

The uncertainty is likely to impact the types of funding mechanisms employers evaluate (high-level: Self-funding v. Fully-Insured)



What are the COVID Lessons?

- The importance of everyday health and vitality
- Addressing social determinants among employee populations
- The importance of human capital management technology
- **THE IMPORTANCE OF HEALTH INSURANCE!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!**



Candidate Overviews

- **President Donald Trump**
 - **Continue efforts to limit implementation of ACA (including efforts in Texas v. United States)**
 - **Proceed with drug pricing rulemaking.** Trump previously issued notices of proposed rulemaking to allow the importation of certain Rx drugs from Canada, require manufacturers to include list prices in television advertisements, and reform rebates to Pharmacy Benefit Managers (PBMs)
 - **Promote efforts to pass a bipartisan, bicameral deal for Congress to reduce drug prices**
 - **Combat Surprise Billing.** The administration proposed rules to require hospitals and insurers to transparently display prices online.

Candidate Overviews

- **Former Vice President Joe Biden**
 - **Expand and amend the ACA to improve functionality**
 - **Supports a Public Option to compete with private health insurance.**
Unclear whether Public Option would be limited to states that have not signed-on to the ACA's Medicaid Expansion.
 - **Change the Medicare Eligibility to Age 60**
 - **Allow Medicare to negotiate Rx drug prices, and pass down pricing concessions to non-Medicare programs.**
 - **Prohibit surprise billing.**
 - **Reestablish an individual mandate (“continuous coverage requirement”).**

Legislative Update

HR 6800, The Heroes Act → DOA in the Senate

The bill includes \$1 trillion in assistance to state and local governments, 8-week extension for paycheck protection program, extension of enhanced unemployment, special enrollments on ACA exchanges and Medicare

100% coverage of COBRA premiums (COBRA subsidies)

Enhanced FSA carry-over into 2021 → \$2,750

Senate → HEALS Act

Direct stimulus to Americans, re-up of PPP, employer liability protections for businesses and healthcare providers, and schools for COVID related lawsuits

Addition \$200 per week in unemployment (cap of 70% of lost wages), \$16bn for testing, **\$25 bn for provider relief**, \$105bn for schools

Texas v. United States

- **Stare Decisis**
 - the legal principle of determining points in litigation according to precedent.
- **Severability**
 - is a provision in a piece of legislation or a contract that allows the remainder of the legislation's or contract's terms to remain effective, even if one or more of its other terms or provisions are found to be unenforceable or illegal → SCOTUS strong presumption of severability
 - Petitioners argue the Individual Mandate is not severable from the ACA, and therefore, the ACA must fall. The Obama Administration made the same argument in 2012, but it was not addressed as the Individual Mandate was upheld (National Federation of Independent Businesses v. Sebelius)

Texas v. United States

- **If the court nullifies the ACA in its entirety, it's an “all-hands-on-deck” moment**
 - **ACA was a one-way train → we would need to aggressively lobby against a rash reaction to the nullification of market reforms, Medicaid Expansion, subsidies, Medicare outcomes requirements, etc.**

Likely Disruptors

- **Transparency and the death of Fee-For-Service**
 - Data Revenue v. Service Revenue
 - “Haven” \$5.2 Trillion Healthcare Venture
 - Incentive-based care mapping
 - Referenced-based Consumerism
- **Direct Primary Care, near-site, on-site**
- **Prescription Drug Exchanges**
 - Haven/Amazon
- **Refocusing on Social Determinants of Health as an Economic Strategy**