ML Strategies Health Care Preview

Week of October 29th

Open Enrollment is right around the corner and this will be a markedly different landscape. For one, the individual mandate will be zeroed out for 2019 and the Administration has pushed several new reforms into the Marketplace, including making short-term plans and association health plans available. How consumers react to this flexibility and increase choice will inform future policy considerations.

The Administration also took steps last week to grant states additional flexibility through 1332 waiver guidance. The guidance makes a number of changes, which we covered last week, including focusing the availability coverage instead of the number of people actually covered as a result of the waiver. It also focuses on aggregate effects of a waiver rather than the requirement that the coverage guardrail be met for specific sub-populations. The guidance also creates avenues for including coverage options such as STLDI and association health plans. Lastly, moving forward, 1332 waivers could be proposed via executive order or state regulation, as opposed to going through the state legislative process.

Additionally, the Administration issued a proposed rule to expand the use of health reimbursement arrangements (HRAs). HRAs are employer-funded, tax-advantaged personalized health benefit that reimburses employees for qualified medical/health insurance expenses. The rule would allow HRAs to be used to help pay for worker's premiums, including premiums of STLDI plans. Additionally, under the proposed rule, if HRAs are used to pay for individual health insurance premiums it would count as coverage to satisfy the employer mandate. This could increase the number of individuals on the Marketplace, as employers switch from traditional coverage to using HRAs to fund insurance options.

There's still debate over the impact of certain changes to the Marketplace and how much certain changes will be utilized throughout the country. As the Administration creates more options in the Marketplace, it reduces regulatory requirements and provides individuals with different choices for coverage. However, this also can lead to a sicker individuals remaining in the Marketplace leaving a sicker risk pool which will ultimately raise premiums.

With the individual mandate gone and alternatives to traditional Marketplace coverage, such as AHPs and STLDI, providing less coverage, people who are at higher risk (i.e., sicker individuals) will not be attracted to these plans. Instead they will likely to continue seek options with ACA coverage requirements, while healthier individuals seek cheaper options. This ultimately leaves the Marketplace with a sicker risk pool and higher costs. Or so the theory goes. We are about to become fully engaged in a real world proof of behavioral economic theory.

THIS WEEK IN THE HOUSE

On recess until November 13th.

THIS WEEK IN THE SENATE

On recess until November 13th.

THIS WEEK IN MEDPAC

MEDPAC will be holding its November Public Meeting November 1-2nd. For more information, click here.

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MLSDCHealth@mintz.com

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@RodneyMLS

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Rodney Whitlock
Alex Hecht
Katie Weider
Eli Greenspan

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