COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY *FORWARD* *on* HEALTH CARE

The upcoming election is a referendum on health care like this country has not before seen. Democrats are promising the radical elimination of Americans' choice of private coverage and ending Medicare as we know it. And as part of their fearmongering, they are accusing Republicans of lacking ideas to expand access to affordable, quality health coverage for all.

This is wrong.

Republicans have a long track record of creating successful, popular coverage options— like Medicare Advantage and the Medicare Prescription Drug plan— and empowering Americans with tools to get in the driver's seat of their health care decisions.

That experience means we know we need to build on what works rather than double-down on flawed one-size-fits all solutions. With a constructive approach, we will create an even brighter, more optimistic path forward that puts patients and families in control of their own health. In our new series, "The Way Forward," Ways and Means GOP will outline proposals to lower costs, modernize services, expand access, and improve quality. This series will highlight both new ideas to accomplish these goals as well as provide reminders of creative policy solutions we have supported in the past.

Our work is rooted in a single principle: Every American deserves health care that works for them.

Everyone's needs are different: Health care is important— and incredibly personal— for every American. An eighty-year-old woman on Medicare has different health care needs than a thirty-year-old single mom. A forty-year-old business executive with health insurance at her job has different health care needs than a man who is unemployed.

Everyone deserves choice and control: Thirty million people under the age of 65 are still uninsured. How do we offer them lower cost, high quality, modern health care options?

Everyone deserves an abundant, effective, and innovative health care system. American innovation must continue to produce treatments and cures to help us and our loved ones stay healthy and live longer.

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY FORWARD *on* HEALTH CARE

With these questions in mind, here is a common-sense framework for a modernized, personalized health care plan for people at every stage of life:

1. **Protect people with pre-existing conditions**, regardless of whether they get their health care from their employer, an individual insurance plan, or a government program like Medicare or Medicaid. Everyone will have access to affordable coverage regardless of a pre-existing condition. While this is the law of the land already, Congressional Republicans are prepared to work in a bipartisan way to restore those critical provisions should they be struck because the Supreme Court finds Democrats wrote a law that tramples on Americans' constitutional rights. ***Here's what we've already done.***

2. Provide certainty and fairness for people by **ending surprise medical bills and increasing transparency**. When people's health is uncertain, they deserve predictability from their care. Under our plan, no one will get an unexpected bill from an insurance company or medical provider. ***Here's how we'd do it.***

3. **Improve coverage and lower costs for those who have job-based health insurance**. These people deserve greater access to health savings accounts to purchase medicines and pay other out-of-pocket costs. And they deserve more options for portability, so when they lose their job, they don't lose their coverage. ***Here's how we'd do both.***

4. **Save and Strengthen Medicare.** This critical entitlement program is careening toward insolvency. ***Here's how*** our plan preserves the Medicare guarantee, ***here's how*** it modernizes the drug benefit and ***here's how*** it harnesses technology to deliver care through telehealth.

5. **Incentivize innovation and cures.** Private-sector research will continue to pave the way for new therapies and life-saving cures. Our plan increases research and development as well as invests in vaccines and therapies for infectious diseases like COVID-19. ***Here's how.***

6. **More affordable options to expand coverage to those without insurance.** Every American should be able to access more options for insurance. ***Here's how we'd create those options.***

Over the coming weeks, we will continue to share more on these items— their history and future—and other policies as part of "The Way Forward," a project by the Ways and Means GOP.

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY *FORWARD* *on* HEALTH CARE

EXPANDING ACCESS TO MORE AFFORDABLE OPTIONS

What's the problem?

The Affordable Care Act is not perfect, which is why we must continue our work to address its most harmful policies and lower costs and improve access. Republicans in Congress have already fixed the law's most onerous provision: the tax on those Americans who did not want to buy an inflexible, one-size-fits-all Washington-centric product. Other changes followed: replacing its broken physician payment system with the bipartisan Medicare Access and CHIP Reauthorization Act of 2015; hundreds of billions of dollars of tax repeals to lower costs throughout the health-care system; fixes for Americans working abroad; removing a program targeted at the elderly a Democrat senator called "a Ponzi scheme of the first order, the kind of thing Bernie Madoff would be proud of"; ensuring a board of unelected, unaccountable bureaucrats could not de-facto ration Medicare; and further empowering governors and state legislatures to reduce health insurance premiums through federally-approved waivers that reflected each state's unique situation.

Now, we need to fix the gaps that remain from the law's original design and what the courts had to fix when they found the parts of the law to be ***unconstitutional***:

1. Our health care system provides limitless subsidies to those who get coverage at work, including the richest Americans, and nothing for some of our most vulnerable Americans who are living with incomes below the poverty line. That is unconscionable. Fixing this gross inequity should be a bipartisan priority for Congress.
2. Innovative plan offerings are limited while others are constantly submitted to litigation, which results in disruptions and uncertainty for American families looking for a coverage lifeline.

Here's how we'd fix it:

1. Restructure Federal Support for Health Coverage Away from the Rich and Toward Low-Income Americans
2. Enshrine in Law Access to Short-Term Health Plans
3. Protect Association Health Plans (AHPs) from Elimination in the Courts
4. Allow More Americans to Enroll in Catastrophic Health Care Plans Under Current Law
5. Consider Options for Targeted Benefit Plans
6. Expand States' Ability to Customize their Health Coverage Systems

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY FORWARD on HEALTH CARE

EXPANDING ACCESS TO MORE AFFORDABLE OPTIONS

The Details:

1. Restructure Federal Support for Health Coverage Away from the Rich and Toward Low-Income Americans

Millions of Americans get health insurance through their employer, which comes with one of the most generous tax benefits available: individuals do not pay income and payroll taxes on the value of their job-based coverage. This makes job-based health coverage unique; take-home pay, for instance, doesn't get the same treatment. The tax benefit of job-based health insurance is endless, unlimited, and uncapped.

The non-partisan CBO projects this job-based subsidy lowers federal revenues by $288 billion in fiscal year 2020 alone and $3.86 trillion over the next decade, making it the third largest component of government spending on health, after Medicare and Medicaid.

This subsidy has been found to increase the cost of coverage, and, most critically, benefit the rich more than those with lower incomes. Because it excludes dollars from taxable income, those who pay the highest rates— the wealthiest Americans— receive the biggest benefit.

Meanwhile, as a result of the Supreme Court finding the ACA's Medicaid policies were unconstitutional, many low income Americans— who do not have job-based coverage— have fallen into a coverage "gap": they make too much money to be on Medicaid, but not enough to get help to buy health insurance on the individual market.

So, to sum up: our health care system provides limitless subsidies to those who get coverage at work, including the richest Americans, and nothing for some of our most vulnerable Americans who are living with incomes below the poverty line. That is unconscionable. Fixing this gross inequity should be a bipartisan priority for Congress.

Here's how we do it. First, we would put a cap on the size of the tax break the wealthiest Americans get on their job-based insurance. This would be not only a more equitable approach but would also help put downward pressure on ever-increasing health care costs. Then, we would redirect those government savings to provide tax credits to those in the Medicaid coverage gap so they can buy the private health insurance of their choosing.

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY FORWARD on HEALTH CARE

EXPANDING ACCESS TO MORE AFFORDABLE OPTIONS

The Details:

2. Enshrine in Law Access to Short-Term Health Plans

President Trump's actions on short-term health plans reversed an Obama-era regulation designed to eliminate options outside of the Affordable Care Act (ACA). Reverting back to the rules that governed these plans for nearly 20 years restores a health care option for people that might not want or be able to afford an ACA plan.

According to eHealth, the lowest cost short-term plan that offers coverage for 12 months can be more than 60 percent cheaper than the lowest cost ACA plan in an area. This option is incredibly valuable for families that don't qualify for the ACA's subsidies but still need or want health coverage. In 2019, it is estimated that about 3 million people enrolled in short-term health plans.

Some might warn that expanding short-term plan damages the ACA exchanges by taking healthy enrollees out of the risk pool. However, states that fully allowed short-term plans in 2019 did not seem to have experienced greater declines in unsubsidized ACA enrollment relative to other states.

There is no definition of short-term, limited-duration (STLD or "short-term") health plans in law except to say that these plans are exempt from federal rules that apply to the individual insurance market. This type of insurance was defined by regulations in 1997 that were implementing the Health Insurance Portability and Accountability Act. The 1997 definition applied until October 2016, when the Obama administration changed it to specify that the plans could not provide coverage for longer than three months, including any renewal period. They did this because short-term plans were being used as a source of primary coverage for healthier individuals, reducing coverage in the individual market, and therefore lessening enrollment in the ACA's exchanges.

In August 2018, the Trump administration released a final rule to change the definition for short-term plans back to the previous definition--coverage lasting for less than 12 months, allowing plan contracts to be offered for up to 364 days. In addition, considering renewals or extensions, the contract can only have a duration of no longer than 36 months in total. In effect, someone could have a short-term plan with the same issuer for up to three years.

The rule does not preempt state regulation of short-term plans, so long as the maximum duration is the federally set amount. Thus, within those bounds, states are responsible for the regulation of these plans.

Short-term plans are much more affordable than ACA-compliant plans because they are not subject to the ACA's rules which means their level of coverage varies considerably based on the plan, coverage could be denied to applicants, and premiums can vary based on health and other factors.

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY FORWARD on HEALTH CARE

EXPANDING ACCESS TO MORE AFFORDABLE OPTIONS

The Details:

3. Protect Association Health Plans (AHPs) from Elimination by the Courts

The Trump administration changed existing regulations to allow more employers and the self-employed to form association health plans (AHPs), giving small businesses and sole proprietors the opportunity to join together to spread the risk and administrative costs of providing health insurance across a greater number of people.

Unfortunately for the millions of Americans in need of a lower-cost health care option, 12 Democratic attorneys general filed a lawsuit challenging the Trump administration's rule to expand access to AHPs and it is still held up in court, halting this option.

House and Senate Republicans have introduced the Association Health Plan Act of 2019 (H.R. 2294 and S. 1170) to codify definitions used in the Trump administration's final rule to ensure continued access to coverage offered by AHPs under the rule.

The rule, should it be allowed to take effect, would increase access to these plans by broadening who can form and join an AHP by allowing them to be based on common geography or industry. An AHP could cover different kinds of businesses in a state or metropolitan area, or all businesses in a particular industry could join up nationwide. In addition, it would allow working owners without other employees to join an AHP.

These changes would allow more AHPs to be regulated by the large group market. If an AHP has enough employees to qualify as a large group plan, it can avoid several expensive regulations that apply to the individual and small group markets.

The rule would also apply nondiscrimination rules to AHPs, including a prohibition on charging premiums or denying coverage based on health issues.

Should the rule be allowed to take effect, it has the potential to impact millions of Americans. The CBO has estimated that on average, 3.7 million people would be enrolled in an AHP annually under the new rules. Of those, they estimated that 400,000 people would have been previously uninsured. In addition, when the rule was proposed, the consulting firm Avalere estimated that, "Premiums in the new AHPs are projected to be between $1,900 to $4,100 lower than the yearly premiums in the small group market and $8,700 to $10,800 lower than the yearly premiums in the individual market by 2022, depending on the generosity of AHP coverage offered."

COMMITTEE ON
WAYS & MEANS
REPUBLICANS

the WAY FORWARD on HEALTH CARE

EXPANDING ACCESS TO MORE AFFORDABLE OPTIONS

The Details:

4. Allow More Americans to Enroll in Catastrophic Health Care Plans Under Current Law

Current law allows some Americans— those under 30 years of age and anyone of any age who finds individual market or job-based insurance to be unaffordable— to enroll in catastrophic health-insurance plans. These plans typically have lower premiums, relative to other types of coverage. Uniquely, catastrophic plans cover the same essential health benefits as other individual market plans and allow for at least three primary care visits per year without out-of-pocket costs for the patient.

These plans can be a great option for some— that's why they exist in the first place. But two policy changes will make them even more valuable. First, all age and affordability restrictions should be removed. Second, subsidies should be allowed to flow to these plans to put them on a level playing field as other plans on the individual market.

5. Consider Options for Targeted Benefit Plans

Recognizing the unique medical needs of some seniors, the current Medicare program allows for "Special Needs Plans" (SNPs). This type of coverage allows certain types of beneficiaries the chance to enroll in a private health plan with tailored benefits. For instance, a chronic-care SNP for a senior with cancer covers all the same benefits as Medicare, but also allows for additional benefits specific to that beneficiary's health care issues. Congress should test if such plans, with appropriate risk adjustment, results in higher quality, more affordable care for the most vulnerable.

6. Expand States' Ability to Customize their Health Coverage Systems

There has been continued bipartisan approval of waivers that allow the states to continue apply for help to lower premiums in their communities. Current law's Section 1332 State Innovation Waivers allow states to try different approaches to deliver high quality, lower cost coverage. Most states have used this for "reinsurance," that is, using federal dollars and state-based assessments to provide insurance to health insurance companies against high medical claims. Mitigating this risk allows health insurance companies to offer plans to enrollees at lower costs, which is especially beneficial to enrollees that do not qualify for the ACA's subsidies. This system— allowable under current law— provides for marketplace stabilization without increasing the federal deficit. It should be easier for states to get a 1332 waiver and to combine it with their 1115 Medicaid waiver.