

# **A View from Washington, DC**

***State of Reform Conference***

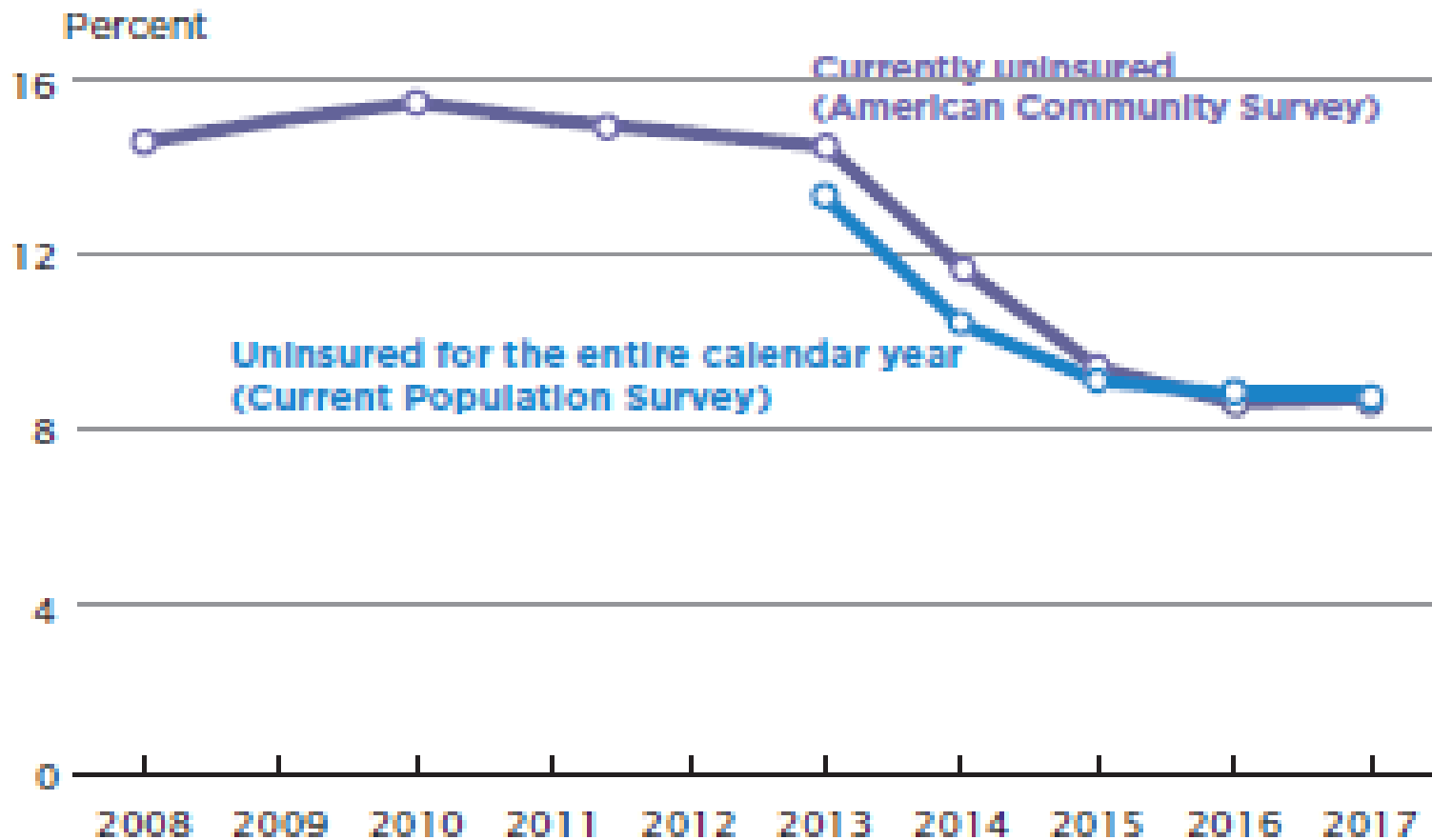
***Portland, OR***

***October 16, 2018***

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# Insurance Coverage

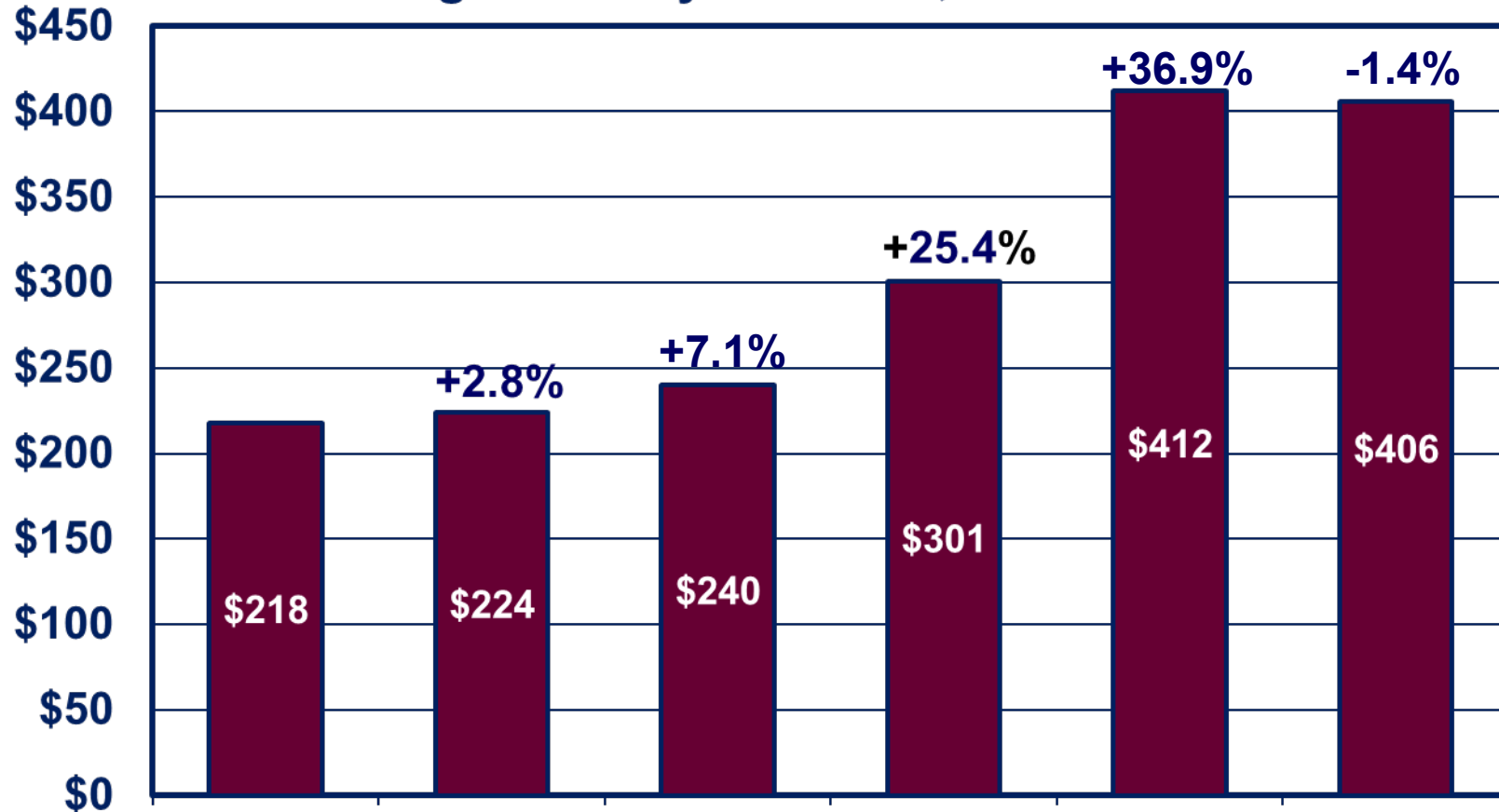
Figure 2.  
Uninsured Rate: 2008 to 2017



Source: Census Bureau

# Marketplace Premiums

Average Monthly Premium, 2014 to 2019\*



\*Second lowest-priced silver plan for a single 27-year old in the federally-administered marketplaces.

Source: Centers for Medicare and Medicaid Services

# Insurer Participation in ACA Exchanges, 2018

## Insurer Participation on ACA Marketplaces, 2014-2018

Year  
2018

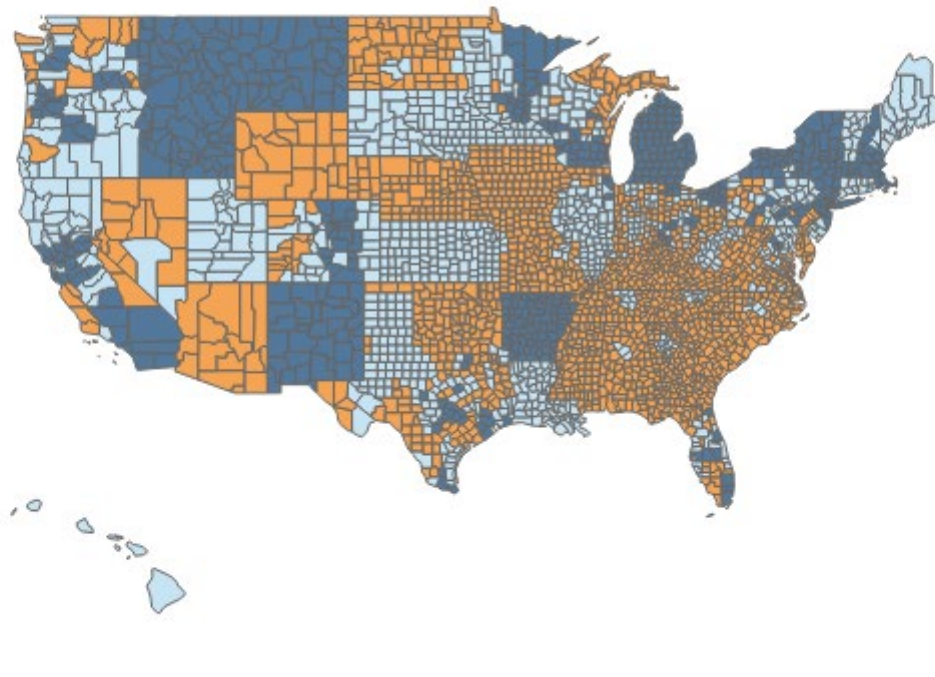
Number of Insurers

- One
- Two
- Three or more

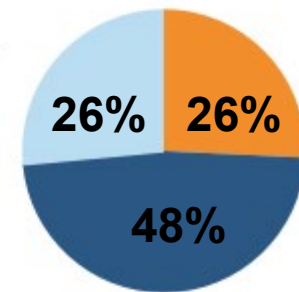
Select State

All

No items  
highlighted



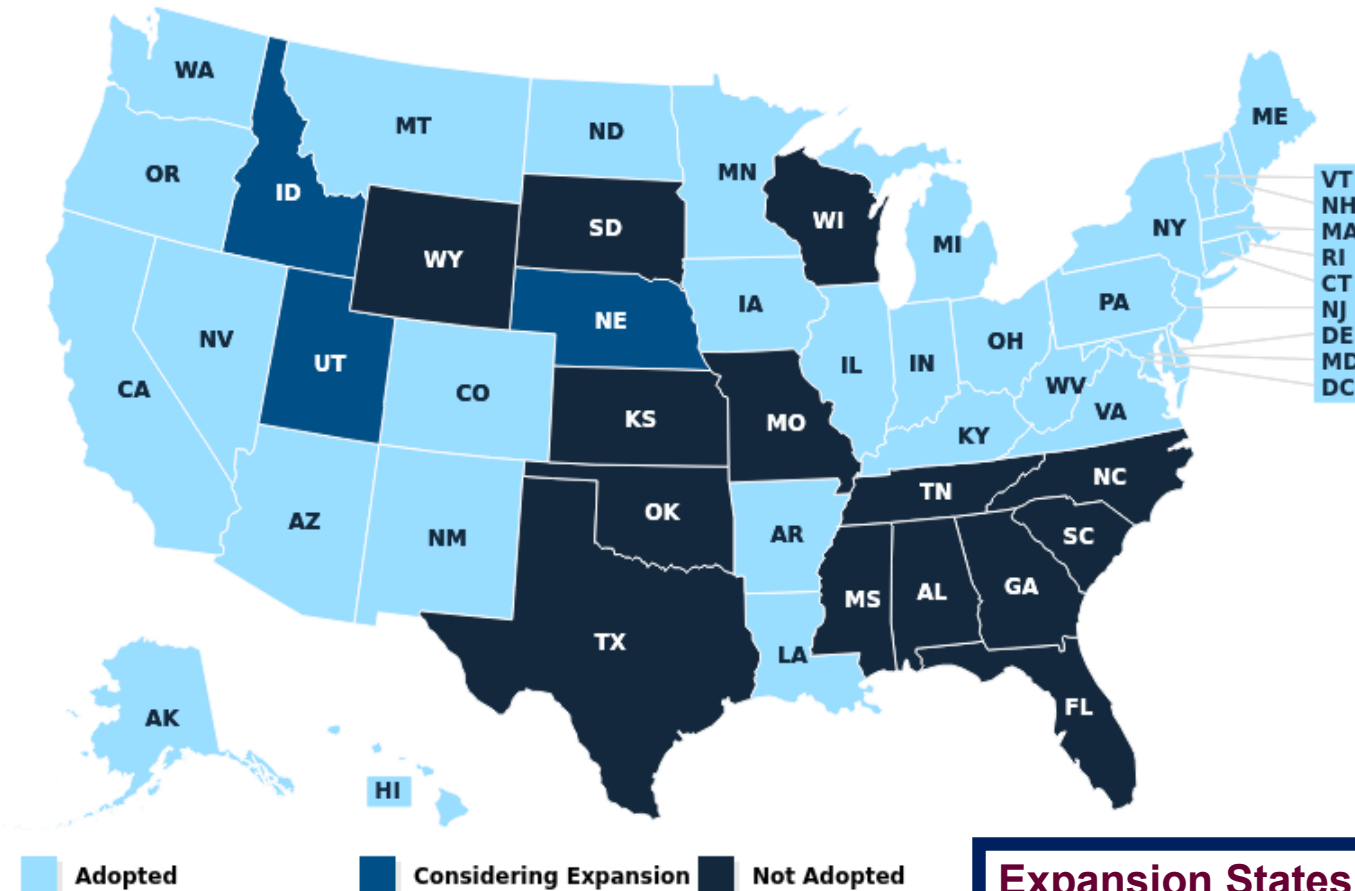
Percent of Enrollees



Source: Kaiser Family Foundation

# The States and the Medicaid Expansion

Status of State Action on the Medicaid Expansion Decision: Current Status of Medicaid Expansion Decision, as of September :



SOURCE: Kaiser Family Foundation's State Health Facts.

**Expansion States = 33 plus DC**

**Considering Expansion = 3 States**

Source: Kaiser Family Foundation

# Health Spending Growth Rates

		Inflation-Adjusted Average Annual Growth Rates	
		<u>2003-2010</u>	<u>2010-2016</u>
<u>Health Consumption Expenditures:</u>			
	Aggregate	2.7%	2.8%
	Per Capita	1.8%	2.0%
<u>Medicare:</u>			
	Aggregate	6.0%	2.8%
	Per Capita	3.7%	-0.3%
<u>Medicaid:</u>			
	Aggregate	2.7%	4.4%
	Per Capita	-0.6%	-0.3%
<u>Private Plans:</u>			
	Aggregate	2.0%	2.8%
	Per Capita	2.8%	1.9%

Source: National Health Expenditure Accounts

# Major Policy Changes Since January 2017

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- 1. Elimination of the Tax Penalty for Going Without Qualified Health Insurance**
- 2. Greater Regulatory Flexibility for Short-Term Limited Duration Insurance Plans**
- 3. Association Health Plans**
- 4. Two-Sided Risk for Accountable Care Organizations**

# Short-Term, Limited Duration Insurance (STLDI)

- **Final rule promulgated on August 3, 2018.**
- **Beginning on October 2nd, insurers are free to sell STLDI plans.**
- **The final regulation specifies that the plans:**
  - **Can have a duration of no longer than 12 months**
  - **May be renewed for a total period of coverage of no more than 36 months**
  - **May take into consideration the health status of potential customers when establishing benefits and premiums**



# Alexander-Collins-Walden-Costello

- 1. Provide an Appropriation for Cost-Sharing Reduction Payments for 2019, 2020, and 2021**
- 2. Slightly Loosen the Rules for Section 1332 Waivers**
  - Shorten federal review time
  - Fast-track state “copycat” waivers
  - Allow some adjustments to essential health benefits
  - Allow all states to do something similar to Alaska’s reinsurance waiver
- 3. Allow All Exchange Participates to Select Copper Plans**
- 4. Require Obligations of Funding for Outreach, Working with States**
- 5. Require Issuance of Regulations on State Compact Arrangements To Allow Insurance Offerings in More Than One State**

# The Next Political Debate (2020)

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## Republicans:

- **Republicans would like to run against “Medicare for All” (see recent ads in House races).**
- **Some in the party want to support Graham-Cassidy (state block grants) as the alternative to the ACA; others are skeptical.**
- **The Trump administration will probably focus on other things, like drug pricing.**

## Democrats:

- **Split in party between advocates of Medicare for All and other who prefer to an optional public option and expansion of Medicare and Medicaid.**

# Improving the Value of Health Care

The Key Question	What <i>process</i> has the best chance of bringing about continual improvement in the productivity and quality of patient care?	
Competing Views	A Governmental Process	A Market-Based Process
Solutions	<ul style="list-style-type: none"> <li>• Medicare-led “delivery system reforms” (Accountable Care Organizations, Bundling of Payments, Innovation Center)</li> <li>• Governmental Push for Use of Health Information Technology</li> <li>• Comparative Effectiveness Research</li> <li>• Regulated Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Create incentives for consumers to seek lower-cost care alternatives</li> <li>• Foster competition among suppliers of medical care</li> <li>• Facilitate a model of high-deductible insurance combined with integrated care delivery</li> <li>• More Medicare Advantage and Part D than Medicare Parts A &amp; B</li> </ul>
Criticisms	<ul style="list-style-type: none"> <li>• A fully governmental process is susceptible to regulatory capture and protection of mediocre incumbents; arbitrary price setting drives out willing suppliers, inhibits innovation, and lowers quality</li> <li>• Cost control by supply control (queues)</li> </ul>	<ul style="list-style-type: none"> <li>• Cost are concentrated in high-cost patients; consumer incentives play little role in choosing service use in these cases</li> <li>• Markets exacerbate risk segmentation</li> <li>• Relying entirely on markets and prices to allocate resources is inequitable to those with less ability to pay</li> </ul>