

Centrist Lawmakers Seek ACA Fixes, Despite Trump Threats

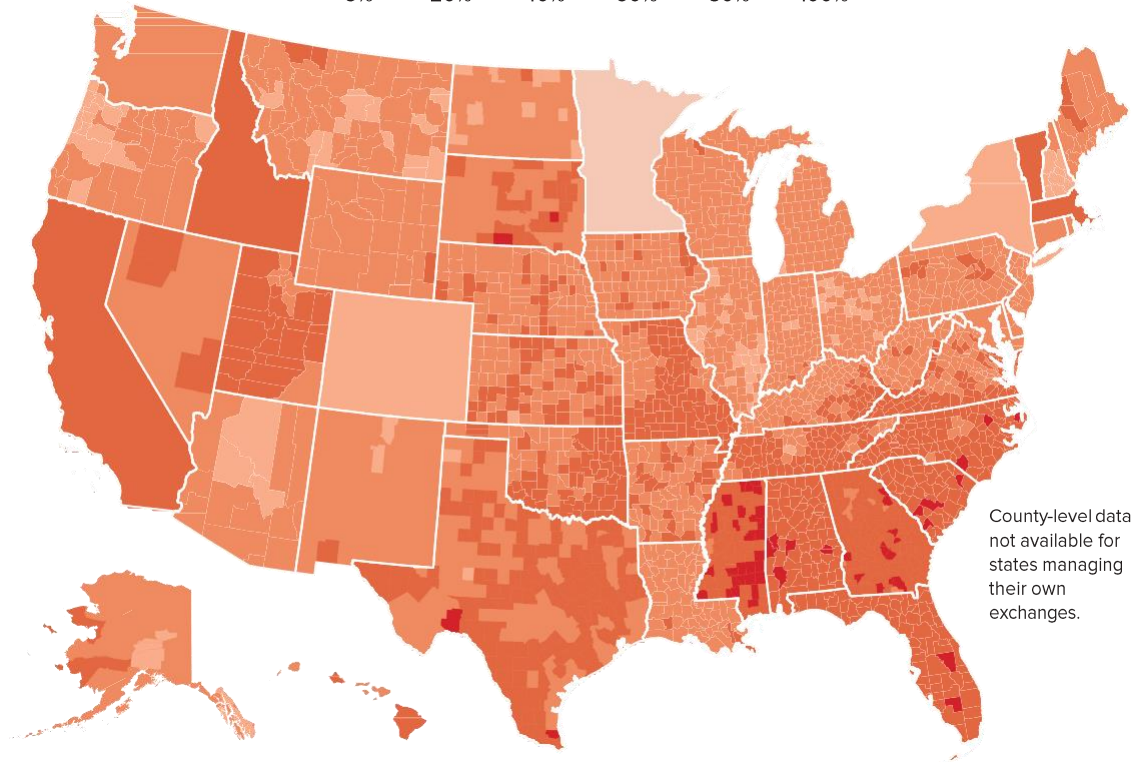
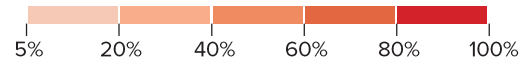
Following a failed Senate vote to move forward with the Obamacare repeal process, congressional Republicans are debating their next steps.

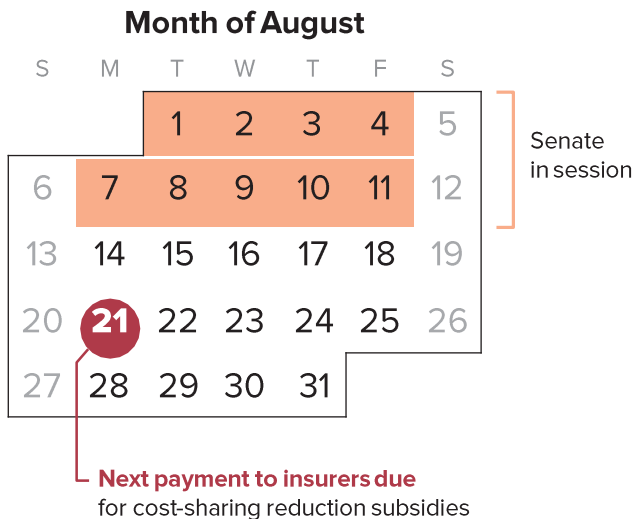
Some Republicans are hoping to revive the GOP-led reform effort by rallying around a plan supported by Sens. Lindsey Graham (R-S.C.) and Bill Cassidy (R-La.), which would replace much of the Affordable Care Act with block grants to states. However, it appears unlikely the bill will advance.

Bipartisan negotiations have focused on the issue of cost-sharing reduction subsidies. The ACA requires insurers to give low-income enrollees discounts, but federal funds to reimburse insurers for those discounts are disputed.

If the administration ultimately decides to defund the subsidies, insurers would need to raise premiums by 19 percent on average to compensate for the loss, according to a Kaiser Family Foundation estimate. Areas of the country with more low-income enrollees, such as the Southeast, would see even higher premium increases.

Share of ACA exchange enrollees receiving cost-sharing reductions, 2017





Trump Must Decide Soon Whether Payments Continue

President Donald Trump has repeatedly threatened to defund the subsidies in order to pressure lawmakers into supporting ACA repeal. Following the failed Senate vote, Trump reiterated his funding threat on Twitter, calling the subsidies a “bailout for insurance companies.”



In an interview with “Fox News Sunday,” White House counselor Kellyanne Conway said that Trump would decide within a week whether the payments would continue. The administration had previously promised to fund the subsidies through July; the next payment is due on Aug. 21.

Bipartisan Caucus Seeks Popular But Potentially Costly ACA Changes

A bipartisan group called the Problem Solvers Caucus — comprised of approximately 25 Republican and 25 Democratic lawmakers — is working on a bill in the House that would fund the CSR payments and make several other reforms that have found support on both sides of the aisle.

However, based on previous CBO scores, the identified reforms would probably cost tens of billions of dollars annually. The lawmakers are debating several funding sources, including reforms to Medicare Part D that would encourage the use of generic drugs.

Major health care reforms proposed by the House ‘Problem Solvers Caucus’



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PROVISION	WHY DO REFORMERS LIKE IT?	ANNUAL COST
Make CSR subsidy funding mandatory	Guaranteed funding would reduce uncertainty, preventing premium increases and insurer exits. The reform would also bring the subsidies under the appropriation process, resolving a key dispute lawmakers had with the Obama administration.	\$7 billion
Create a “stability fund”	States could use funds to reduce premiums and encourage insurer participation on the exchanges. They could create reinsurance programs, which help insurers cover patients with extreme costs.	Unknown, likely more than \$10 billion
Redefine the employer mandate	Eliminating the mandate for employers with fewer than 500 employees will reduce the regulatory burden on small businesses. Increasing the definition of “full-time work” to 40 hours per week could reduce the incentives some businesses face to cut employee hours.	\$5 billion to \$15 billion
Repeal the medical device tax	The tax increases the cost of medical devices, which is passed on to consumers in the form of higher prices for care. Democratic and Republican lawmakers representing states with large device-makers also say the tax costs local manufacturing jobs.	\$2 billion
Reform Section 1332 and 1333 waivers	Would encourage policy innovation by providing states clearer guidelines to seek 1332 waivers for relief from specific ACA regulations. Guidelines for 1333 waivers could help states set up interstate compacts to sell insurance across state lines.	None
		TOTAL COST: \$20B+