

## MEMORANDUM

Date: January 25, 2019  
TO: Residential Eating Disorders Consortium  
FROM: Center Road Solutions  
**RE: Council for Affordable Health Care: The Price of Good Health**

### **I. Executive Summary**

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On January 15, 2019, the Council for Affordable Health Care and the Partnership for Employer-Sponsored Coverage co-hosted “The Price of Good Health: Health Policies and Politics in the 116<sup>th</sup> Congress” which brought together federal agencies, Congressional members, payers, and patient advocacy organizations to discuss health care costs and trends, health care reform proposals, and state innovations to improve the delivery and cost of care.

#### ***Key Takeaways:***

- Medicare for All will continue to be robustly debated into the 2020 election
- “Single-payer” means different things to different people and except these definitional discussions to continue over the next two years—total takeover of the U.S. healthcare system, gradations, buy-in option? What will happen to the 180M Americans that rely on the employer-sponsored health insurance market?
- Surprise medical billing and drug pricing are two areas where there is bipartisanship and will be addressed over the course of the 116<sup>th</sup> Congress
- Maryland is expected to take up legislation again this session on an individual mandate
- The proposed HRA rule that 46 REDC treatment sites submitted regulatory comment on is expected to be finalized by the Spring.

### **II. Council for Affordable Health Care Priorities**

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The right-leaning Council for Affordable Health Care (CAHC) supports specific, solutions-oriented initiatives to lower health costs, premiums and cost sharing. Their main priorities include:

- Lowering Health Costs
  - Reduce hospital and physicians costs by expanding competitive markets
  - Incorporate value-based payment arrangements for drugs and services in federal and state programs
  - Promote medication adherence
- Health Market Reforms
  - Reduce burdens on employers and expand coverage options through Health Reimbursement Arrangements (HRAs) and Health Savings Accounts (HSAs)
  - Fund risk reduction programs through state-based waivers approved by the federal government
  - Privatize exchanges to improve competition and the enrollment process
- Health Care Transparency
  - Create better tools for consumers to shop by price, quality, and safety
  - Expand the availability of data for consumer use

CAHC states the medical cost trend has grown by 73% since 2010, which is approximately four times faster than the average wage. America spends about 70% more, as share of Gross Domestic Product (GDP), on health care than the rich country average, yet has some of the lowest life expectancies across practically every socioeconomic group at close to every age. Contributing factors to these rising costs include, chronic disease management, waste, and the price of health services are significantly higher in the U.S. versus peer countries. If current trends persist, the average family will spend more than 40% of their income on health care by 2030.

To address the growing cost of health care, CAHC works closely with Congress, federal agencies, and outside stakeholders to find legislative and regulatory solutions.

### **III. Discussion**

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Despite the current partisan political climate, addressing the rising costs associated with prescription drugs and surprise medical billing are two topics that will be addressed in both chambers. As it relates to drug pricing, Kenneth Thorpe, Chair of the Department of Health Policy and Management at Emory University stated it is critical we remove the silos between the private and public insurance markets as prescription drugs in the private market costs 68% more than in Medicare—let’s examine why that is. Further, Justine Handelman,



SVP at the Blue Cross Blue Shield Association posits 86% of an individual's premium dollar goes toward drugs to manage a chronic condition—this is another area that needs to be addressed.

The concept of a single payer health system has also gained steam but is an incredibly partisan topic led by a large contingent of House Democrats and a handful of Senate Democrats. Frederick Isasi of the liberal advocacy organization, Families USA stated that the topic of Medicare for All will be debated into the 2020 election. Mark Wilson, VP of the HR Policy Association raised the point that policy makers and stakeholders need to be careful with how they talk about single payer as it means vastly different things to different people. Having definitional discussions of what a single payer system looks like will also be a focus over the next two years. Last, Anne Phelps, U.S. Health Care Policy Leader at Deloitte & Touche stated that Congress needs to be mindful of the employer insurance market that represents 180 million Americans and what would happen to that market should single payer become a reality.

On the regulatory side, Randy Pate, Deputy Administrator of the Center for Consumer Information and Insurance Oversight (CCIIO) at the Centers for Medicare and Medicaid Services (CMS) championed the work the Administration is doing to enhance state insurance market flexibility with the latest 1332 wavier guidance, which included the provision for states to potentially allow short-term plans to be sold on their exchanges (*NOTE: REDC addressed our concerns with this guidance within the most recent regulatory comment on HRAs*). Relating to state flexibility, Robert Morrow, Associate Commissioner for Life & Health for the Maryland Insurance Administration alluded that the state legislature would most likely take up legislation related to an individual mandate as a way to stabilize the insurance market since Congress repealed the mandate.

#### **IV. Conclusion**

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Overall, the Administration will continue to issue new regulations to improve consumer choice and competition in the health insurance market—especially because of the gridlock in Congress. Once the government is open, drug pricing and surprise medical billing legislation will be moving through both chambers. What shape ACA reform will take is still uncertain, but it will certainly be addressed during the 116<sup>th</sup> Congress.