

MEMORANDUM

Date: February 1, 2019
To: Residential Eating Disorders Consortium
From: Center Road Solutions

RE: House Ways & Means Committee Hearing Protecting Americans with Pre-existing Conditions

On January 29, the House Ways & Means Committee held a hearing entitled, “Protecting Americans with Preexisting Conditions” which is expected to be the first hearing in a series by House Democrats on the effects of the Trump Administration’s various regulatory rules that have rolled back protections guaranteed by the Affordable Care Act. Although members from both parties called for a “fresh start” on health care, including bipartisan cooperation on issues such as drug pricing and surprise medical bills, the hearing devolved. Both parties showed their willingness to rehash fights over the Affordable Care Act almost nine years after it was signed into law.

Key Takeaways:

- There is still a tremendous amount of partisan bickering over the successes, failures, and remaining challenges of the Affordable Care Act that will make it difficult for the House to make any bipartisan movement on the ACA.
- According to the Kaiser Family Foundation, 2019 health insurance premiums are on average 6% higher as a result of the repeal of the individual mandate and the expansion of short-term plans.
- Concerns about the proliferation of short-term plans and historically not covering individuals with preexisting conditions.

Hearing Summary/Opening Statements:

(Chairman) Representative Richard Neal (D-MA):

- Over 130 million Americans have a pre-existing condition and protecting them goes to the core of safeguarding health care for all Americans.
- The ongoing sabotage of our health care system is having a direct impact on the finances of Americans across the country. Four million Americans have lost health insurance coverage since President Trump took office.
- Earlier this month, the Administration acted to reduce the tax credits by \$900 million while raising the out-of-pocket maximums by an additional \$400 per family.

(Ranking Member) Representative Kevin Brady (R-TX):

- It has been 10 years since the Affordable Care Act passed by Democrats only and Americans are still concerned about their health care.
- Section 137 of the Republican-led Affordable Care Act alternative, the American Health Care Act protected preexisting conditions, no lifetime limits on care and the ability to stay on a parent’s health insurance plan until the age of 26.
- Price transparency, lowering drug prices, eliminating surprise billing, and spurring innovation are the ideas we can work together on in this committee.

Witnesses:

Karen Pollitz, Senior Fellow, Kaiser Family Foundation ([testimony](#))

- The sickest 1% of people account for nearly ¼ of total population health spending, while the healthiest 50% account for just 3% of health spending.
- Kaiser Family Foundation (KFF) estimates 52 million non-elderly adults have “declinable” preexisting conditions in a year.
- As of 9.2 million or 87% of individuals enrolled in non-group policies in the marketplace received premium tax credits to make the monthly cost of coverage more affordable.

- 2019 health insurance premiums are, on average, 6% higher than they would otherwise be due to repeal of the individual mandate penalty and expected expansion of short-term plan policies.

Andrew Stolfi, Insurance Commissioner, Oregon Division of Financial Regulation ([testimony](#))

- Since Oregon implemented the ACA, more than 350,000 Oregonians have gained health insurance and the uninsured rate in the state dropped by 11%.
- 1.6 million Oregonians with preexisting medical conditions are protected from coverage denials or limitations because of the ACA.
- Oregon was one of the first states to implement a reinsurance program under Section 1332 of the ACA. This program leverages federal and state funds to keep individual insurance rates about 6% lower than they would be without.
- Federal rule changes to short-term, limited-duration plans and association health plans along with zeroing out the individual mandate penalty have raised 2019 individual health insurance rates about 7%. Cutting off funding for cost-sharing reductions has added another 7% to 2019 silver plan rates, meaning individual health insurance rates in Oregon are about 7%-14% higher in 2019 than they could have been without unnecessary and avoidable federal uncertainty.

Rob Robertson, Chief Administrator & Secretary-Treasurer, Nebraska Farm Bureau ([testimony](#))

- NEFB is the largest general farm and ranch organization with over 59,000-member facilities.
- Throughout 2017-2018 NEFB offered its first association health plan (AHP) in partnership with Medica, a health insurance company based out of Minneapolis, MN. It currently has just under 700 enrollees.
- The expected premium cost of the NEFB Member Health Plan will be 25% less than the expected premium cost on the individual market.
- NEFB AHP only rates participants on geography and age and offers prescription drug coverage; mental health and substance use disorder coverage; prenatal and maternity care; and more.

Keysha Brooks-Coley, Vice President for Federal Advocacy & Strategic Alliances, American Cancer Society Action Network ([testimony](#))

- A survey conducted before passage of the ACA found that 36% of those who tried to purchase health insurance directly from an insurance company in the individual market were turned down, charged more, or had a specific health problem that excluded them from coverage.
- Recent executive orders, legislative proposals, and regulatory actions are putting ACA protections at risk. For example, short-term, limited duration insurance plans ironically don't cover services needed to prevent or detect cancer.
- There are ways Congress can continue to improve the protections provided by the ACA including: fixing the family glitch, prevent changes to essential health benefit benchmarks, and prevent the subsidy cliff (*full explanations on these suggestions are available in the full testimony link above*).

Andrew Blackshear, Volunteer, American Heart Association ([testimony](#))

- Mr. Blackshear discussed his diagnosis of a preexisting condition and how his short-term plan resulted in him taking the insurer to court.

Q&A Session:

- **Representative Mike Thompson (D-CA)**
 - Mr. Robertson, your association health plan offers ACA-compliant plans, correct? That is why it is successful, and enrollees are protected.
- **Mr. Robertson**
 - Yes, our plans our ACA-compliant offerings.
- **Representative John Larson (D-CT)**

- Mr. Robertson, my colleague Rep. Brian Higgins (D-NY) has legislation that would allow Americans to buy into Medicare at the age of 50. What are your thoughts on this?
- **Mr. Robertson**
 - I think there is certainly value to be had pooling individuals together to lower overall health costs. However, until you discuss the other side of the equation—cost of providing that type of coverage you—we can't fully discuss this idea.
- **Representative Kenny Marchant (R-TX)**
 - Does anyone have policy solutions that the President could sign into law that would help Americans utilize their health coverage?
- **Ms. Pollitz**
 - We already have that policy in place through the Affordable Care Act.
- **Mr. Robertson**
 - We could fix the subsidy cliff, which Congress could consider eliminating the cliff and creating partial subsidies for individuals with incomes above the 400% of the federal poverty line. This would allow more Americans to pay their health care bills.