Health Reform Roundtable
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MEDIA STATEMENT

A Bipartisan Answer to "What Now?" for Health Reform

The Congressional effort to repeal and replace the Affordable Care Act (ACA) has stalled, sparking urgent questions about what's next and whether a bipartisan agreement could be achieved to address important U.S. health reform needs. We believe that critical matters relating to health reform must be addressed quickly and that bipartisan approaches are possible.

We are health policy analysts and advocates who join in this agreement. While we hold diverse political views and policy outlooks, we believe that health reform solutions exist that can transcend partisanship and ideology.

In this commentary, we describe our bipartisan agreement on five health policy matters that should be addressed by the end of the federal fiscal year, September 30. These recommendations are designed to provide stability in markets until a longer-term resolution can be achieved and, most importantly, to protect coverage and health care access for those relying on them now.

FIRST, we support extending federal funding through 2019 for the Children's Health Insurance Program (CHIP), in order to ensure affordable coverage for children, including children in low-income working families that cannot afford the cost of their own employers' family plans. We also support extending funding for community health centers through 2019.

SECOND, millions of people rely on subsidies created through the Affordable Care Act (ACA) for their health coverage. We support effective measures to stabilize the federal and state health insurance exchanges/marketplaces for individual health insurance. Four aspects are most important:

(1) The cost sharing reduction subsidies should be funded through congressional appropriation to assure that lower-middle income policyholders will have access to insurance and can afford their coverage.

(2) Congress needs to reassess the ACA's insurance market stabilization mechanisms-–reinsurance, risk adjustment, and risk corridors (known as the ACA's "3 Rs"). In the ACA, reinsurance and risk corridors sunset at the end of 2016, and risk adjustment is permanent. Risk adjustment's implementation has caused unintended negative effects on insurers with smaller market shares. Although we disagree on whether federal reinsurance and risk corridors should be reinstated, we agree that Congress should encourage HHS to implement risk adjustment as envisioned by the statute, giving states wider latitude to tailor risk adjustment methodologies for their particular markets.

Congress also should encourage state efforts to use other market stabilization mechanisms, including (but not limited to) temporary reinsurance. As we have seen in Alaska, a Republican legislature and Independent governor designed and recently won federal approval for a smart reinsurance pool that sharply lowered premium increases. The 3 Rs can be powerful insurance sector tools to stabilize markets.

(3) Regarding enrollment, the federal government should continue enrollment programs designed to inform people about the benefits that are available to them and to aid their enrollment in such benefits. Health insurance can be confusing, and some Americans rely on enrollment assistance to make the smartest choices for themselves and their families.

(4) The Trump Administration and Congress need to address quickly the needs of those counties with no participating insurance plan in 2018. As Professor Tim Jost has suggested, the Federal Employee Health Benefits Program (FEHBP) could require that insurers participating in counties that lack a Marketplace plan offer at least one silver level Marketplace plan as a condition of FEHBP participation. There are many ways the states and federal government could tackle this problem, and we encourage Congress to make this issue a priority.

THIRD, Congress should seek smart and effective tools to incentivize all Americans to sign up for health insurance. Over the course of the past eight months, it has become clear that—despite sharp disagreements regarding the ACA's individual mandate approach—nearly all members of Congress now recognize the need for some federal policy to promote personal responsibility for Americans to obtain and keep health insurance. Some members of Congress argue that there may be better ways to design insurance pools and subsidy structures, but, to succeed, a private insurance market needs to rest on a sound pooling mechanism. Rather than try to enact new federal laws, states should be encouraged to explore different pooling designs under current law, including enlarging exchange pools.

To the extent there are individuals who remain uninsured, there are other policy options beyond an individual mandate to increase insurance take-up and continuity. Both Republican repeal and replace plans—the House American Health Care Act (AHCA) and the Senate Better Care Reconciliation Act (BCRA)—zeroed out the ACA's individual mandate penalty and replaced it with alternatives to reduce adverse selection. A compromise should involve combining incentives to purchase health insurance with effective sanctions for not enrolling or not maintaining coverage, including financial penalties and waiting periods. The ACA's Section 1332 currently allows states to propose waivers to explore a variety of alternatives to the mandate.

In a country as large and diverse as the U.S., and for a health system as technically complex as ours, broad outcomes, goals and values must be set at the national level, but there must be wide flexibility at the state level on how to achieve those objectives.

Therefore, *FOURTH*, we support greater flexibility to respond to the desire of state governments for broader freedom in program innovation, provided appropriate guardrails. We agree that health reform must make sure that low-income people and families have affordable opportunities

to secure health coverage and care. In particular, the HHS Secretary should be empowered to work with states to undertake carefully designed and impartially evaluated demonstrations. For example, states could merge Medicaid subsidies for the poverty-related population with CHIP funds, as well as with premium tax subsidies and cost sharing reduction assistance. This could create seamless coverage arrangements that can promote continuity even as family income fluctuates and daily circumstances of living change.

Congress should modify ACA Section 1332 to allow states to integrate federal funds used to cover low income children, adults, and families under Medicaid and CHIP and private insurance to improve coverage and care delivery. States also should be permitted to explore better ways to combine private and public coverage to provide greater freedom and work opportunities for disabled Americans. Congress should encourage states to test approaches to unify CHIP and Marketplace benefits, so Marketplace plans can be a source of high quality coverage for the entire family, with more streamlined coverage and more efficient care delivery.

We support enhanced financing flexibility for states that seek to increase access to affordable coverage for their low and moderate-income populations. Though we differ in our views regarding the scope of the guardrails that should be established, we encourage Congress to consult with states and others on how to refine the guardrails to provide enhanced flexibility. More financing flexibility could better enable states to achieve these types of innovations that promote continuity, health care efficiency, and coverage innovation.

Fifth, though we disagree on the efficacy, and, given the progressivity of the tax code, the equity implications, of health savings accounts (HSAs), we support judicious expansion of their use by consumers and employers—including using HSA funds for premium payments and reforms that make pre-funded HSAs available to lower income people who choose to enroll in high-deductible health plans for which a linked HSA is essential — as a trust-building step across the partisan divide.

Though the controversy over the future of the ACA has been divisive, we may now be at a moment of opportunity to return health policy improvement to a bipartisan and consensual basis. We hope so.

SIGNATORIES

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Convergence Center for Policy Resolution convenes people and groups with conflicting views to build trust, identify solutions, and form alliances for action on critical national issues.