STAT News

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FEDERAL UPDATE: House Health Bill Fails Hospitals/Patients

Passage of the House-backed version of the American Health Care Act (AHCA) does not bode well for patients and providers. The bill continues the ACA's massive Medicare and Medicaid cuts to hospitals, eliminates patient protections, such as the ban on lifetime coverage caps, terminates the employer and individual insurance mandates, and ends premium and cost-sharing assistance for low-income individuals and families. The bill changes Medicaid to a per capita program, reducing spending for the program by 25 percent when fully implemented. For New York State, that means an additional $4.5 billion in costs and a program that cannot flex to meet cost pressures due to enrollment surges and routine rising costs related to care. The House bill also retains the $2.3 billion Medicaid cost shift from counties to the state via an amendment advanced by New York Congressmen Faso and Collins.

Healthcare Voices rise up in stories told by individuals who have gained coverage through New York's health insurance exchange. These are the individuals behind the numbers, whose lives have been helped and changed by the Affordable Care Act. Read their stories here.

The ramifications of this bill will be felt by everyone, including the 150 million Americans who get their health insurance through their employer. This is because a waiver process will allow states to curtail and/or eliminate essential health benefits currently mandated by the ACA. It also reintroduces medical underwriting by allowing insurers to charge those with pre-existing conditions significantly more when they fail to maintain continuous coverage. Insurers could also charge older Americans much higher premiums than younger Americans, even beyond the five-times rating contained in the earlier version of the AHCA. Analysts say near-seniors - those approaching 65 - would lose the most because the AHCA tax credit caps out at $4,000 for this group, which typically encounters higher healthcare expenses.

For those with pre-existing conditions – about one in every two adult Americans has a chronic disease according to the Centers for Disease Control and Prevention – the bill proposes establishment of high-risk pools in states that seek waivers. A total of $138 billion for five years would be made available to states. High risk pools amount to a separate insurance system for the sickest patients. Healthcare economists say these pools have been tried in the past, but almost always fall short of what is needed to adequately cover the costly health services required by high-need patients. This includes a high risk pool established by the ACA as the nation transitioned to the new law. It too ran out of money. Further, the House high-risk pool funding is finite, rendering the program unsustainable and subject to congressional renewal.

The House bill could also affect healthcare employment, say labor experts, undoing the sector's role as an economic engine, especially as the nation pulled out of the Great Recession. The ACA expanded Medicaid and brought more insured into the healthcare system, boosting healthcare job growth and local economies.

The bill now goes to the Senate where it will face significant debate and scrutiny.

STATE UPDATE: Insurers Calculate 2018 Plan Rates

While Congress continues its debate on repeal and replacement of the ACA, insurers in New York State must submit their 2018 rate requests to the Department of Financial Services by May 15, 2017. Without assurances that the ACA's cost sharing subsidies will continue and at what funding levels, insurers remain skeptical about their ability to participate in the marketplace. The individual mandate, another stabilizing force, also remains in jeopardy.

Governor Cuomo's office recently reached out to insurers to gauge their assessment of the situation brewing in Washington, DC and the effect Washington's efforts might have on their rate setting. The rates that insurers present to the state can be approved or modified by the Department of Financial Services. Rates are finalized in the summer.

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