



January 31, 2017

TO: Members, Subcommittee on Health
FROM: Committee Majority Staff
RE: Legislative Hearing entitled “Patient Relief from Collapsing Health Exchanges”

I. INTRODUCTION

On February 2, 2017, at 10:30 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Patient Relief from Collapsing Health Exchanges.”

II. WITNESSES

The Subcommittee will hear from the following witnesses:

- Doug Holtz-Eakin, President, American Action Forum;
- J.P. Wieske, Deputy Commissioner of Insurance, State of Wisconsin; and,
- J. Leonard Lichtenfeld, M.D., Deputy Chief Medical Officer, American Cancer Society.

III. BACKGROUND

On May 11, 2016, and June 10, 2016, the Subcommittee on Health held hearings to examine some of the legislation that is being considered as part of this hearing to improve insurance markets and ensure taxpayer dollars are only spent on those eligible for assistance under federal law. Those hearings led to the introduction of three bills in the 114th Congress that aimed to improve the functioning of insurance markets through reforms to Special Enrollment Periods (SEPs), grace periods, and age rating. Each of these bills has been reintroduced in the 115th Congress.

During this hearing, the Subcommittee will discuss the following legislation:

A. H.R. 706, Plan Verification and Fairness Act of 2017

Right now, certain patients may enter HealthCare.gov and state exchanges outside of the defined Open Enrollment Period (OEP). Special Enrollment Periods are an important tool for patients who may lose health insurance outside of the traditional OEP or experience a life event, like moving, having or adopting a child, or getting married. However, SEPs have granted individuals presumptive eligibility instead of verified eligibility, leading to risk imbalance and potential abuse.

Rep. Marsha Blackburn (R-TN) has introduced a bill requiring patients who use this tool to provide pre-enrollment verification before the plan takes effect. As the exchange enrolls individuals, it would also be responsible for the verification process. Under this proposal, the Inspector General of the U.S. Department of Health and Human Services (HHS) would conduct a study to better understand the number of individuals who seek enrollment during through this process.

B. H.R. 710, Health Coverage State Flexibility Act of 2017

Under current law, subsidized patients with exchange plans have a three-month grace period when they do not pay their health insurance premiums. During these three months, their plans cannot discontinue coverage for nonpayment of premiums. Theoretically, this means that patients receiving the advance premium tax credits (APTCs) and cost-sharing reductions (CSRs) can pay for only nine months of health insurance, but receive a full year of coverage. According to one report, 21 percent of patients stopped paying their premium in 2015 then rejoined in 2016.¹ Of this group, 49 percent of enrollees purchased the same exact plan they stopped paying for.²

Rep. Bill Flores (R-TX) has authored a bill that would align grace periods with the grace period a State allowed in its individual market prior to the enactment of the Patient Protection and Affordable Care Act (PPACA), or one month. Updating this period of time is one way to encourage patients to be engaged in their care and incentivized to stay covered. This would also decrease gaming by individuals who do not pay for their care and reenroll during the following open enrollment period.

C. H.R. 708“State Age Rating Flexibility Act of 2017”

Before the PPACA, many states were using a five-to-one age rating ratio, meaning that the most generous plan could cost five times more than the least generous plan when it came to a patient’s age. PPACA moved this ratio to three-to-one for all states, regardless of their unique patient needs or circumstances. The nonpartisan Congressional Budget Office (CBO) has said that the true cost of health care for the average 64-year-old is roughly 4.8 times higher than the average 21-year-old.³

Understanding that the HealthCare.gov and state exchange instability is largely the result of a lack of young, healthy enrollees, Rep. Larry Bucshon, M.D. (R-IN) introduced a bill that would place age rating at a standard five-to-one ratio across the country, but give states the flexibility to widen or loosen this formula.

¹ McKinsey&Company. “2016 OEP: Reflection on enrollment.” May 2016.
http://healthcare.mckinsey.com/sites/default/files/McK%202016%20OEP%20Consumer%20Survey%20Infographic_vF.pdf.

² Ibid.

³ Congressional Budget Office. “Private Health Insurance Premiums and Federal Policy.” February 2016.
https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51130-Health_Insurance_Premiums.pdf.

D. H.R. _____, Pre-Existing Condition Protection and Continuous Coverage Incentive Act of 2017

Today, many patients and families enjoy the peace of mind linked to protections from pre-existing condition limitations. This is why the House Republican health care plan, A Better Way, “ensures every American, health or sick, will have the comfort of knowing they can never be denied a plan from a health insurer.”⁴

This discussion draft, offered by Chairman Greg Walden (R-OR), is based on H.R. 5328 from the 113th Congress, then-entitled “Guaranteed Health Coverage for Pre-Existing Conditions Act of 2014.” The legislation aims to maintain important pre-existing conditions safeguards following the repeal of PPACA. The draft bill also includes a placeholder for language that will offer new patient protection in the individual and small group markets for maintaining continuous health care coverage. This construct is designed to incentivize individuals to maintain coverage and reduce adverse selection and risk pool imbalances.

IV. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Adam Buckalew of the Committee staff at (202) 225-2927.

⁴ House Republican Conference. “A Better Way: Our Vision for a Confident America.” June 22, 2016. <http://abetterway.speaker.gov/assets/pdf/ABetterWay-HealthCare-PolicyPaper.pdf>