



# HEALTH INSURANCE REFORM AFTER ACA REPEALED

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# REPEAL AND REPLACE ACA

- Affordable Care Act (ACA) too flawed, can't fix
  - Massive overpricing to subsidize others
  - Insurers pulling out
  - 2,000+ inscrutable pages, not even designed to succeed
  - Goal? Single Payer after failure in five to seven years
- Yet its goals can be achieved via alternative
  - Guarantee coverage to many uninsured today
  - Cover pre-existing conditions
  - Control high costs
- New system needed based on workable principles
  - Previously used in auto, homeowners, catastrophe insurance
  - Free market, no price controls, state by state, not federal
- Goal of this session
  - Explore ideas of Candidates
  - What else do states need to do?

# MOST CANDIDATES HAVE ACA REPLACEMENT ADVICE

## **Cruz**

Barasso, Crapo, Rubio  
*Healthcare Choice Act*

## **Walker**

*Day One Patient Freedom Plan*

## **Price**

*Empowering  
Patients First*

## **Jindal**

*Freedom & Empowerment Plan:  
Prescription for Conservative  
Consumer-Focused Health Reform*

## **Bush**

*Conservative Plan  
for 21<sup>st</sup> Century*

## **Roe-Scott**

*American Health Care Reform Act  
(AHCRA)*

## **Carson**

*A Prescription for We the People*

# COMMON THEMES OF CANDIDATE CRITICS OF ACA

- Replace it – **too flawed** and complex to try to fix
- Did not allow **tax savings** for individual policies
- Basic policies should grant **guaranteed access** to all
- **States** should implement, not a federal mandate
- Ideas on paying for **pre-existing conditions** (PEC)
- Expand **health savings accounts** with higher deductibles
- State regulation OK - more flexibility on **out-of-state policies**
- Medical **tort reform** to help reduce costs
- Improve **Medicare/Medicaid**: costs bankrupting our future.



# 32 FEATURES TO REVIEW

Full ACA Repeal	Pre-existing condition (PEC) defined	Tort reform encouraged	Bailouts of insurers
Tax - Individual policy now to be deductible	Allow rating by health condition	States can mandate financial responsibility	ACA Medicaid eligibility expansion
Change tax deductibility of employer policies to higher deductible	Portable policies individual	Coverages mandated	Changes to Medicare/Medicaid coverage
Other Federal rules	Guaranteed renewable policies	Allow dependents up to age 26	Funds for Research
Guaranteed access to basic coverage	High deductible options	Price controls to try to make more affordable	Federal Rules on doctor/patient relationship
Subsidize basic policies	Unlimited annual or lifetime benefits	Other state features encouraged	Respect for Life
Pre-existing condition (PEC) coverage access	State regulated	Mandates? Individual or employer?	Other features
How to pay for PEC subsidies	Selling across state lines	Exchanges state or federal	Principles

# STATES NEED TO PASS THE LAWS AND IMPLEMENT

## Federal Government Can't Do:

- Constitution limits Federal Gov. authority – Article I, Section 8
- Article X grants remaining powers to states and the people
- Even if one good plan emerged, **can't mandate states** to adopt
- **Can't** even do **federal tort reform**

## Federal Government Can and Should Do:

- Revise **tax laws** – need level playing field – indiv. vs group
- Deductions on income versus **tax credits**
- Expand Health Savings Accounts (**HSAs**):
  - much larger deductibles
  - more control over procedures by customer scrutiny of bills

# GUIDING PRINCIPLES AS STATES DESIGN AND ENACT

- Minimize use of federal laws
- Promote innovation; empower states to design
- Use competitive free market; no price controls
- Avoid overall mandates/free to choose
- Accessible coverage for all
- Affordable
- Portable
- Patient centered
- Respect religious beliefs.



# IDEAS TO CONSIDER ON SUBSIDIES

- Even basic policies can get modest subsidies
  - like assigned risk plans for auto insurance
  - don't disrupt competitive market
  - 10 % get 20% subsidy means **only 2% surcharge on others**
- Allocate residual market based on whole market
  - individual and group insurers included
- Insurers pass extra cost on to voluntary market
- PEC subsidies from states - **using Medicaid block grants**
- Insurers do not swallow losses
- Can use pools but direct subsidy better
  - PECs can be priced accurately and solutions designed

# IDEAS ON COVERAGES - PEC

- Define PEC as:
  - diagnosed condition & treatment recommended
- If insured can afford, little or no subsidy for PEC
- Can arrange low interest loans, if not outright grant
- Especially if already sick or injured for one time fix

# OTHER IDEAS ON COVERAGES

- Adding for out of work grads to age 25??
  - Why mandate?
  - Easy to price – make user pay for it
- Maternity or Contraceptives or Abortions
  - No mandates
  - Pay for it separately
- Unlimited lifetime or annual benefits
  - Very expensive
  - Subject to abuse
  - Price higher options

# IDEAS ON PRICING

- Don't restrict use of knowledge in free market (SRI)
- No take-all-comers laws
- Keep pricing variables robust – smaller resid. market
- >50 insurers means profit margins low (e.g. 4%)
- Ability to switch individual policy insurers crucial – keeps service high and prices low
- Statistical agency laws allow better info pooling
- Smaller companies can compete better initially
- Predictive modeling a natural for health insurance

# OTHER IDEAS

- Guaranteed renewals – can price at outset for modest cost
- Making policies truly portable like auto insurance – need other state complicity
- Motivating states to pass meaningful tort reform – larger block grants from Medicaid
- Allowing out-of-state policies
  - versus in-state insolvency programs
  - like excess and surplus lines today
  - disclose to insured no local oversight
  - needs NAIC support (not there today)
  - better than revoking McCarran-Ferguson Act

# WHAT NEXT?

- Repeal and incent states to act
- Need a good off-ramp for current policies
- States need guidance from actuaries
- NAIC can support
- COIL a key once basic state goals set
- Start with a few enthusiastic states
- Make sure statistical agency used
- Brush up on predictive modeling