

THE STATUS OF THE AFFORDABLE CARE ACT (ACA) INSIGHTS FROM WASHINGTON DC

February 2017

New HHS Secretary, Tom Price (R-GA), Confirmed on February 10, 2017

Following a highly contentious confirmation hearing with a final **52-47 vote**, Congressman Tom Price of Georgia will lead the Department of Health and Human Services (HHS). Price, an orthopedic surgeon, has drafted his own proposed bill to replace the ACA, and will now lead as the GOP moves forward in analyzing the several ACA replacement bills proposed to date.

Price's 242 page bill, titled "**Empowering Patients First Act**" repeals the ACA as its first provision. Overall, Price's statements within the Senate confirmation process reflect a long-standing concern of government interference with the patient-doctor relationship. Price's proposed legislation supports market-based solutions to what he described as an oppressive structure within the federal government. A few highlights of the act are listed below; however, and most importantly, the timeline, legislative language and approach to changing the ACA are uncertain and fluid as discussions among all stakeholders remain in the initial stages.

Highlights from Price's Initial Draft Bill:

- Replaces health insurance subsidies with tax credits with the credits based on age, rather than income
- Removes coverage for pre-existing conditions; yet creates state-funded high-risk pools for those with chronic conditions, providing a safety net for the sick and uninsured
- Expands Health Savings Accounts (HSAs)

Many Senate Democrats vehemently opposed Price's confirmation and may have been able to block it if Harry Reid, who led the Senate in 2013, hadn't triggered the "**nuclear option**," which altered the long-standing Senate confirmation rules. The result was the loss of filibuster power to block Cabinet nominees; thereby shifting the requirement from 60 votes to a simple 51 majority vote. Price's confirmation occurred three weeks into Trump's presidency. In comparison, President George W. Bush and President Obama had seven nominees approved on their first day in office.

With a **\$1 trillion** budget, HHS oversees the health insurance of approximately 120 million poor Americans through Medicaid, as well as those enrolled in Medicare. HHS approves drugs, oversees the health insurance exchanges and writes regulations to implement new legislation issued by Congress. However, executing the promised repeal and replace of the ACA, as well as issuing the resulting new regulations remains the primary focus in the news. Price has a significant to-do list while retaining a stable marketplace.

President Trump's nominee to lead an essential department within HHS, the Centers for Medicare and Medicaid Services (CMS), Seema Verma, will face a confirmation hearing on February 16, 2017, within the Senate Finance Committee. As the final phases of confirmations are resolved and the decision-makers in place, HHS will turn to the future in assessing and consolidating the various options to modify the ACA.

Takeaways

Stakeholders are waiting for a pattern to emerge among the potential plans. Ultimately, this process is anticipated to include **multiple legislative bills**. Once the bill(s) have momentum within a feasible timeline, these efforts will require democratic support to reach the **60-vote threshold**. In short, “replace” cannot occur via a one-stop sweep. While President Trump’s executive order, the confirmation of Price and recent steps in the Congress send a clear message, the debate continues as to the timeline, procedure and cost projections for a new health care law to come to fruition.

All expect significant maneuvering in Washington DC before specific ACA modifications occur and Oswald will continue to evaluate how changes will affect your strategic plan, future employee communication needs, and plan costs in 2017 and beyond.

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