

Health Care Reform Implementation

Oswald Advocates on Capitol Hill on Behalf of Employers

February 14, 2017

Oswald senior leadership and our compliance team spent last week in Washington, DC advocating on behalf of our clients, partners and community. Meeting with ten Senators and Representatives was a unique, valuable opportunity to assess the proposed bills in circulation and the potential risks to our clients. As congress evaluates the multiple proposals to “repeal and replace” (now, “repair”) the Affordable Care Act (ACA), voicing **your** concerns is our priority.

Gathering at the legislative summit was a critical step as all await a pattern to emerge among the several potential ACA replacement plans. And, while Congress is far from a consensus for a replacement framework, the clock is ticking. Insurance companies must formalize their intent to participate in the 2018 public exchange and set the corresponding rates. Today, individuals within 70 percent of all US counties have only one or two carrier options available. Consumer choice is likely to be further reduced or eliminated facing the current regulatory uncertainty.

As each week passes, the likelihood that reform will impact 2017 plans is essentially impossible, and the risk and/or opportunities approaching 2018 are diminishing. As we did when the ACA was first introduced, Oswald will continue to provide your firm with the competitive advantage to set a proactive strategy within the changing landscape.

While we believe that 2017 will be a “pause” in time without significant modifications to the ACA, below are a few important points to consider:

- All of the potential ACA replacement bills under discussion include a modification to the tax-exclusion of employer-sponsored health insurance. Various proposals tax the employer expense, while others propose eliminating or reducing the employee’s ability to pay for employer-sponsored health insurance on a pre-tax basis. Several proposals intend to recover the lost revenue from the “Cadillac Tax,” which was an initially flawed projection based on impractical estimates. On the hill, we reiterated that the tax exclusion is specifically valuable to employees and a change will further increase employees’ costs when both employers and employees are bearing the brunt of health insurance cost-shifting under the ACA. In the words of a key lobbyist, “It would be a cruel hoax on the American public if replacement of the ACA is a measure that now taxes the health benefits they receive though their employer.”
- Dr. Tom Price (R-GA) was confirmed to lead the Department of Health and Human Services (HHS). Following a highly contentious confirmation hearing with a final 52-47 vote, Price, an orthopedic surgeon, has drafted his own proposed bill to replace the ACA and will now lead as the GOP moves forward. We anticipate that HHS will capitalize on options to weaken the ACA within the confines of President Trump’s Executive order (issued on the evening of his inauguration). We anticipate such modifications and deregulations to be controversial and face potential judicial intervention.

- Broad concern remains over protecting the ACA's expansion of Medicaid. Various proposals are under consideration as Congress struggles with paying for the ongoing expansion. Adding to the complexity is bi-partisan dissension among state governors facing additional costs and administrative burdens.
- It will be nearly impossible for an ACA replacement framework not to tie into a broader corporate (and potentially an individual) tax reform agenda. Republicans have consistently positioned reducing the corporate tax rate as a critical agenda item in 2017. Proposals range from a radical elimination of corporate rates for a Border Assessment Tax (BAT) to simply lowering the overall rate to 15 percent and expanding the reach to include Sub-S corps and partnerships.

In DC, we moved the dial through direct access (Congress members listed below); yet, clearly, challenges remain without a decisive path forward among the Republican leadership. Like many advisors, Oswald will keep you apprised of all updates and legislative developments. Unique to Oswald, we'll continue to bring **your** voice to the Hill and drive outcomes that create sustainable, value-based solutions for your organization and for the future of health care.

On Capitol Hill, Oswald met with:

- Senator Lindsey Graham (R-S.C), Former Presidential Candidate; Senate Appropriations Committee
- Senator Robert Portman (R-OH), Joint Economic Committee; Senate Committee on Finance
- Senator Sherrod Brown (D-OH), Banking, Housing and Urban Affairs Committee
- Senator Cory Gardner (R-CO), National Republican Senatorial Committee Chair
- Senator Heidi Heitkamp (D-N.D), Senate Banking Committee
- Representative Kyrsten Sinema (D-AZ), House Financial Services Committee
- Representative Steve Scalise (R-LA), House Majority Whip
- Representative Jim Jordan (R-OH), Chairman, Subcommittee on Health Care
- Representative Jim Renacci (R-OH), House Ways and Means Committee
- Representative Pat Tiberi (R-OH), House Ways and Means Committee

Oswald will continue to evaluate how the approaching changes will affect your strategic plan and future in 2017 and beyond. Please contact us with any questions.

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