

PROTECT OUR CARE

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Health Care 2021: Increasing Coverage, Lowering Costs, Strengthening Protections, Addressing Inequities

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Introduction

With two victories in the Georgia Senate races, Democrats now control the White House, the Senate and the House. The Republican loss of both houses of Congress and the presidency in just two years is unprecedented. The role of a single issue – health care – in those historic losses is remarkable.

The cost and availability of health care is at the center of America's kitchen tables, particularly during the COVID pandemic, when millions have lost their jobs, health insurance and worry every day about how they will survive. Racial and rural disparities in health care are more obvious than ever before and all of this has been exacerbated by four years of the Trump administration.

For the first time since the implementation of the Affordable Care Act (ACA), the uninsured rate went up under Trump. Even before widespread <u>coverage losses</u> incurred during the pandemic, millions lost coverage during the Trump Presidency. For the non-elderly population, the percent without health insurance coverage grew from 10% to 10.9% between 2016 and 2019. For children, the uninsurance rate rose from 5.1% in 2018 to 5.6% in 2019. Last year, <u>nearly 30 million</u> people were uninsured. As a result of conservative states' rejection of Medicaid expansion under the ACA, millions are unable to access affordable coverage and remain uninsured.

Meanwhile, polling shows 1 in 3 Americans worry about being able to afford health care, and under the Trump administration, health insurance costs have risen faster than people's wages – to more than \$20,000 per year for the average family, making it harder and harder for many Americans to make ends meet. Drug costs have continued to skyrocket, with drug companies hiking prices even as the country battles the pandemic.

At the same time, the coronavirus pandemic is ravaging our nation. President Trump's failure to lead during this crisis has resulted in the death of 425,000 Americans and more than 25 million infections. Roughly 70 million Americans have filed for unemployment since March and an estimated two million people have become uninsured. The virus continues to spread unchecked and decimate our economy, making the need for implementing President Biden's health care agenda even more urgent.

Voters put Democrats in control because they were tired of Republicans' endless attacks on health care, including their repeated attempts to repeal the ACA both legislatively and through the courts, and their inability to provide meaningful pandemic relief.

As we begin the Biden presidency and the 117th Congress, there is much work to be done to repair the damage done by Trump and Republicans and move forward to strengthen American health care. President Biden's administration has pledged to build on the strong foundation of the Affordable Care Act to make sure Americans have access to the health care coverage they need and to use his executive authority to reverse Trump's sabotage. Working with Congress to pass needed legislation, Biden will lower health care costs, expand coverage, improve care, strengthen protections for people with pre-existing conditions and work to eliminate racial disparities in health outcomes.

Most of these goals can be accomplished by reintroducing the landmark Patient Protection and Affordable Care Enhancement Act, passed and championed by House Democrats last session. This bill would improve health care for Americans by building on key provisions in the Affordable Care Act. The bill would lower the costs of health insurance by offering increased financial assistance to more people, strengthen protections for pre-existing conditions and improve health care by incentivizing holdout states to expand Medicaid and extending Medicaid eligibility for mothers 12 months postpartum. The bill would lead to coverage for 4 million additional people and lower health care costs for another 13 million, benefiting at least 17 million Americans at a time when expanded coverage and lower costs is paramount.

This bill also gave Medicare the ability to negotiate for lower drug prices. This change would directly address one of the biggest concerns Americans face -- skyrocketing prescription drug prices. The single most effective way to lower drug costs is allowing Medicare to negotiate prices. Lifting the current ban on this practice would reduce drug prices for all Americans with insurance, not just those on Medicare.

Congress must also pass Biden's American Rescue Plan to stop the pandemic and restore our economy. The American Rescue Plan will also make health care more accessible and address racial disparities in coronavirus treatments and outcomes while delivering real pandemic relief to Americans by getting resources to individuals, states and localities and fixing problems with the vaccine distribution rollout.

The Democratic health care agenda – building on the Affordable Care Act by expanding access, lowering costs, strengthening protections and addressing inequities – is overwhelmingly <u>popular</u> with Americans, no matter their political party. No other issue has the power to bring voters together in this way.

The Biden administration and the Democratic majorities in the House and Senate are now poised to move these policies through Congress. The question for Republicans is: do they want to side with the American people, or once again set themselves up for electoral failure? In the context of the coronavirus pandemic and an economic catastrophe that has cost millions their jobs and their health insurance, intense voter concern over health care will only continue.

Building on our four years years of leading the fight to protect our care, we look forward to a year of great progress.

Protect Our Care's Agenda for Executive Action to Reverse Trump's Health Care Sabotage

President Biden has pledged to quickly reverse Trump's <u>relentless sabotage</u> of the Affordable Care Act (ACA) and Medicaid. On top of his efforts to repeal the ACA, President Trump has pursued numerous regulatory changes that have raised health care costs and undermined coverage. As a result, even before the coronavirus pandemic, <u>millions</u> had lost their coverage under the Trump administration. President Biden will put American families first and protect people with pre-existing conditions by strengthening the ACA and Medicaid after years of mismanagement under President Trump.

Open A Special Enrollment Period

The Trump administration refused to reopen the federal marketplaces to allow people to purchase health insurance during the global pandemic. President Trump's failure to create a Special Enrollment Period (SEP) ignored calls from health care providers, health insurers and lawmakers who knew it would help slow the spread of the virus and save American lives. By failing to open a SEP, President Trump may have blocked millions from gaining coverage. Several states saw great success by opening their state-run marketplaces, and thousands of people were able to obtain coverage as a result. In fact, California alone saw 289,000 people enroll as a result of the state's SEP as well as additional marketing and outreach efforts. Unfortunately, however, 38 states with federally-run marketplaces were not able to open their exchanges without federal action.

As part of his response to the COVID-19 pandemic, President Biden has pledged to immediately open a SEP to ensure that everyone — including those who lost employer coverage and those who were uninsured before the crisis — can get covered beyond the standard Open Enrollment period. It is absolutely critical that everyone is able to access health

care for the duration of the national emergency, and opening a SEP is a common sense solution to ensure everyone impacted by this crisis can enroll.

Roll Back Junk Plans

The Trump administration put forth several measures to expand access to insurance plans that are not required to comply with the ACA's consumer protections. They <u>extended</u> the duration of short-term plans from three months to 12 months, with the option to renew coverage for up to three years. They also expanded the circumstances under which association health care plans can be formed. The Trump administration pushed their promotion of junk plans even further by encouraging states to direct federal subsidies toward these plans and by allowing employers to push their employees to purchase junk plans.

Junk plans can discriminate against people with pre-existing conditions, and they can deny coverage for prescription drugs, preventive care, and other essential health benefits, leaving patients on the hook for potentially catastrophic medical bills. Additionally, these plans serve to destabilize the ACA marketplace: according to the Center for American Progress, "because these plans can cherry-pick the healthiest people, those remaining in the marketplace will be sicker and older on average, which in turn raises marketplace premiums." The Biden administration should reinstate the three-month limit for short-term plans, limit the circumstances when association health plans can be formed, and roll back all guidance incentivizing enrollment in these substandard plans.

Restore and Expand Marketplace Outreach & Advertising Funding

During the first year of his presidency, Trump cut the outreach advertising budget for Open Enrollment by 90 percent, from \$100 million to just \$10 million — a move that resulted in as many as 1.1 million fewer people getting covered. The administration also slashed funding for non-profit health Navigator groups that help people shop for coverage, from \$36 million to \$10 million. CMS encouraged Navigator groups to use the remaining funds to push people to sign up for junk plans that skirt important consumer protections as described above. The Trump administration also cut the number of days people could sign up for coverage during open enrollment by half, from 90 days to 45 days.

Funding for advertising and outreach remains at these diminished levels, even as millions of people have lost employer-sponsored coverage during the coronavirus pandemic. An estimated four in 10 uninsured people qualify for free or subsidized coverage under the ACA but likely remain unaware of these options. The Biden administration should restore and expand outreach and enrollment funding, extend the Open Enrollment period, and re-engage with partner organizations — like women's groups, medical organizations, and churches — to boost enrollment.

Eliminate Harmful Medicaid Changes

Between encouraging states to impose work reporting requirements and championing Medicaid block grants, the Trump administration has worked tirelessly to dismantle Medicaid. After Arkansas imposed the nation's first so-called work requirements program, more than 18,000 residents lost Medicaid coverage, and research has shown that the policy failed to increase employment in the state. The Trump administration has continued fighting to impose work reporting requirements in Medicaid, appealing federal court rulings that blocked such programs because they are illegal. Meanwhile, a report from the U.S. Government Accountability Office (GAO) found that the administrative costs to implement the failed work requirement programs in five states topped \$400 million. It has become overwhelmingly clear that efforts to impose work requirements are driven by nothing more than a desire to curb Medicaid enrollment.

Ahead of the pandemic, the Trump administration finalized its <u>block grant</u> proposal that would allow states to apply for waivers that would convert their Medicaid programs for many adults into a form of block grant. Block grants are a blatant attempt to cut funding, which could lead to states limiting enrollment and reducing benefits. Importantly, under Trump's block grant proposal, federal funding would no longer necessarily increase in response to a public health emergency like coronavirus. This could lead to people losing coverage and access to care, undermining prevention and treatment of diseases nationwide. After becoming the first state to apply for the block grant waiver, Oklahoma <u>withdrew</u> its application, likely as a result of the state budget strains caused by the pandemic. However, in a last-minute act of sabotage, the Trump administration <u>approved</u> Tennessee's block grant proposal in January 2021.

The Biden administration can immediately rescind the block grant guidance and reject any future state proposals to impose work reporting requirements. Additionally, President Biden can reverse some of the more obscure Medicaid policies championed by the Trump administration, such as the proposed Medicaid Fiscal Accountability Rule, which gives states less flexibility to determine how much they pay Medicaid providers or how they finance their Medicaid programs, making cuts to Medicaid programs more likely.

End Trump's Discriminatory Agenda

Since taking office, the Trump administration has taken multiple steps to make it harder for women, people of color, immigrants, and LGBTQ Americans to access health care. For example, in August 2019, the Trump administration began enforcing a rule that bars certain federally-funded clinics from referring women for abortions. As a result, the nation's largest recipient of Title X funds, Planned Parenthood, was forced to exit the program, losing security to exit the program, losing security to exit the program, losing <a href="englistentrology: security to exit the program, losing <a href="englistentrology: security to exit to exit the program, losing <a href="englistentrology: security to exit to exit the program, losing <a href="englistentrology: security to exit to exit the program, losing <a href="englistentrology: security to exit to exit the program, losing <a href="englistentrology: security to exi

Moreover, <u>experts point to</u> Trump's immigration policies, such as the <u>public charge rule</u>, for having deterred many Latino families from getting coverage, resulting in steep coverage losses, especially for children. President Biden has pledged to reverse these harmful actions, and take appropriate additional action ensuring that equity is at the center of his health care agenda.

Reverse Other Marketplace Sabotage

The Trump administration has taken additional steps designed to raise costs and undermine coverage in the ACA marketplaces. Trump has made several <u>changes</u> to the ACA's benefit and payment parameters, for example, <u>reducing</u> subsidies available to those who purchase health care through the exchange, giving insurers more flexibility to increase premiums and scale back benefits, and raising the out-of-pocket maximum for people with employer-sponsored health care.

The Centers for Medicare & Medicaid Services (CMS) recently finalized several provisions for the 2022 benefit year that include a <u>provision</u> allowing states to drop HealthCare.gov and instead direct people to buy coverage through insurers and private brokers. This came after the Trump administration <u>approved</u> Georgia's 1332 waiver, which sought to end the state's participation in HealthCare.gov with no state-based replacement. It is important to note that private brokers often <u>receive</u> higher commission if they enroll patients in substandard junk plans. Trump's CMS also <u>introduced</u> a pilot program that allows individual market insurers to tie premiums to reaching "health goals," such as losing weight or lowering blood pressure — a blatant attempt to discriminate against people with pre-existing conditions.

President Biden will put an end to waivers that undermine the ACA and allow states to skirt key provisions of the law. The Biden administration should also reverse Trump's payment notice policies and end harmful CMS initiatives designed to raise costs on people with pre-existing conditions.

Protect Our Care's Legislative Priorities For 2021

During the 116th Congress, Democrats kept their promise to pass legislation that reduces health care costs and improves care for millions. Under the leadership of Speaker Nancy Pelosi, the House passed historic legislation to strengthen the ACA, lower drug costs, and stand up to Republican sabotage.

Protect Our Care strongly supports building on the Patient Protection and Affordable Care Enhancement Act (H.R. 1425) to achieve lower costs and better care. The bill would cover an additional four million people and lower health care costs for another 13 million, benefiting at least 17 million Americans at a time when access to health care is paramount. Additionally, Protect Our Care supports passing the important provisions in the Elijah E. Cummings Lower Drug Costs Now Act (H.R. 3) that were also included in H.R. 1425 to address one of the biggest concerns Americans face — skyrocketing prescription drug prices.

Lower Costs of Insurance

Congress should pass legislation to reduce health care premiums and deductibles, expand eligibility for financial assistance that helps consumers afford coverage, and guarantee affordable insurance options.

- Guarantee coverage for less than 8.5 percent of income. Ensuring that Americans have the option to purchase health care for less than 8.5 percent of their income would save a family of four with an income of \$110,000 per year an estimated \$750 per month. A family of four earning \$40,000 would save nearly \$1,600 in annual premiums, and a 64-year-old earning \$57,420 would save more than \$8,700 in premiums each year.
- Make coverage more affordable for middle class Americans by expanding the
 eligibility for premium tax credits above 400 percent of the federal poverty limit (roughly
 \$100,400 for a family of four) and increasing the size of the tax credits for all income
 brackets.
- **Fix the "Family Glitch"** by allowing families whose out-of-pocket premiums for employer-sponsored coverage exceeding <u>9.86 percent</u> of their incomes to enroll in the ACA marketplace with financial assistance.
- **Lower premiums** further by providing \$10 billion annually to states through a national reinsurance program. The CBO <u>estimates</u> that premiums for individual market coverage before subsidies would be 10 percent lower beginning in 2022.

Lower Drug Costs

Congress should work quickly to deliver on lower drug prices by empowering Medicare to negotiate for lower drug costs. Negotiating prescription drug costs is the single most effective measure to bring down drug prices, and polls consistently show nearly <u>nine in 10 Americans</u> support allowing Medicare to negotiate.

- Empower Medicare to negotiate for lower drug prices. Congress should ensure that
 negotiated prices apply to people enrolled through Medicare as well as those with
 private insurance. Independent analysts have confirmed that negotiation provisions in
 H.R. 3 would reduce prescription costs for patients by up to <u>55 percent</u> and save
 taxpayers <u>\$456 billion</u>.
- Limit launch prices by creating a maximum price for any negotiated drug with an
 international price index. No longer will drug companies be allowed to charge Americans
 double and triple the price for the same prescription drugs as others pay around the
 world.

- End unjustified price hikes. Congress should empower Medicare to place limits on how much drug companies can increase the price of drugs based on annual inflation rates.
- Hold pharmaceutical companies accountable by requiring drug companies whose prices are deemed too high to lower their prices or pay a penalty.
- Improve affordability for America's seniors by establishing a \$2,000 out-of-pocket annual cap on prescription drug costs for Medicare beneficiaries.

Expand Coverage

Health care is a right, not a privilege. Congress should work to expand health care to more people by closing the coverage gap and exploring additional options to provide affordable coverage to all Americans.

- Close the coverage gap in the 12 remaining states that have rejected Medicaid expansion. Congress can financially incentivize holdout states to expand Medicaid by passing legislation to increase federal matching funds. Alternatively, Congress could consider allowing this group to enroll in subsidized ACA coverage or adopting President Biden's plan to enroll people in the coverage gap through a public option plan. The Urban Institute estimates that if all states expanded Medicaid, nearly 6 million people could gain coverage. Research confirms that closing the coverage gap would help improve health outcomes, increase families' financial security, and reduce racial disparities in health care.
- **Explore a public option.** Protect Our Care supports President Biden's plan to establish a Medicare-like public option to be sold on the ACA marketplaces. The public option would reduce costs to patients by negotiating lower rates with providers and providing more coordinated care.

Address Racial Disparities In Health Care

Structural racism has left people of color with higher rates of chronic illnesses and steep barriers to accessing health care, a grim reality exacerbated by the effects of the coronavirus pandemic. Policies seeking to lower costs, expand coverage, and improve care will undoubtedly benefit communities of color. However, these policies should rest in a broader set of work to improve the health and livelihoods of these communities that have been left behind for far too long.

Increase funding to Community Health Centers. Community Health Centers are essential
sources of care for low-income Americans and communities of color in particular. At the
beginning of the pandemic, the Congressional Black Caucus <u>called</u> for \$60.1 billion in
funding for Community Health Centers, the National Health Service Corps, and the Teaching

Health Centers Graduate Medical Education program. Congress should work to support Community Health Centers for the duration of the coronavirus crisis and beyond.

- Expand Medicaid coverage to pregnant people one-year postpartum. In order to
 address the maternal and infant mortality crisis, Congress should work to provide funding for
 states to <u>expand</u> comprehensive Medicaid coverage to new mothers for one-year
 postpartum.
- Support expanded access to telehealth services by empowering Medicare, Medicaid, and private insurance to continue to cover these services for the duration of the coronavirus crisis and beyond. Congress should support efforts to further invest in broadband, ensuring patients in low-income and rural communities have access to telehealth services.
- Increase children's access to health care by ensuring that children and families that enroll
 in Medicaid/CHIP receive 12 continuous months of coverage to prevent interruptions.
 Additionally, Congress should work to increase immigrant children's access to Medicaid and
 CHIP by lifting the <u>five-year waiting period</u> for eligibility.
- Address root causes of health disparities by supporting health care policies that address
 the social determinants of health, for example by preserving and strengthening access to
 critical programs such as SNAP and Medicaid non-emergency medical transportation.
 President Biden's CMS can also expand Medicare and Medicaid payment models that work
 to address the social determinants of health and improve health outcomes.