The Potential Implications of “Trumpcare”

Presented by Karen Kirkpatrick

HR20

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Trumpcare
The American Health Care Act, its demise and what’s next

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The why??
9 Broken ACA Promises
-Heritage Foundation

- If you like your health plan, you’ll be able to keep your health plan. Period.
  - Millions of Americans have lost and will lose their coverage due to Obamacare
- If you like your doctor, you’ll be able to keep your doctor. Period.
  - Many Americans might not be able to keep their current doctor without paying extra.
- We’ll lower premiums by up to $2,500 for a typical family per year.
  - Premiums for people purchasing coverage in the individual market have significantly increased in a majority of states.
- Under this plan, no family making <$250,000 a year will see any form of tax increase.
  - Obamacare contains 18 separate tax hikes, fees, and penalties, many of which heavily impact the middle class.

9 Broken ACA Promises
-Heritage Foundation

- This plan will not add one dime to our deficits—either now or in the future.
  - Obamacare’s new spending is unsustainable
- ACA will protect Medicare.
  - Obamacare cuts Medicare spending.
- I will sign a universal health care bill into law by the end of my first term as president that will cover every American
  - Millions of Americans remain uninsured.
- So this law means more choice, more competition, lower costs for millions of Americans.
  - Obamacare has not increased insurer competition or consumer choice.
2 sides to every story

ACA Successes
- Obama administration's Council of Economic Advisors (CEA)

- The uninsured rate for non-elderly Americans has fallen from about 16.6% in 2013 to 10% in the first quarter of 2016, and 8.6% taking into account seniors who have near universal coverage (kff.org)
- Created a Marketplace
- Allowed kids on their parent's plan up to age 26
- Eliminated Pre-existing Condition Exclusions
- Expanded Medicaid
- Aligned costs for Seniors (3-1 ratio)
- Required Essential Health Benefits
- Required Minimum Value Plans (metal)
What was in the AHCA?

- The health FSA salary reduction limit (now at $2,600 for 2017) would be repealed.
- The prescription requirement for over-the-counter drugs would be eliminated. This would affect HSAs, FSAs, HRAs and MSAs.
- HSAs would be strengthened by increasing the maximum contribution to align with deductibles and OOP, allowing catchup contributions for both older spouses, allowing pre-tax reimbursement for OTC and "rollovers" from HCTC. – Including an increased contribution limit and a retroactive effective date for eligible expenses (up to 60 days after the HSA is established)
- ACA taxes other than the Cadillac Tax would be repealed (including the sector tax on health insurance premiums, the additional 0.9% Medicare tax, etc.).
- Medicare Part D (prescription drug) expenses would again be deductible and eligible for the retiree drug subsidy.
- The deductible medical allowance would go back to 7.5% from 10%
What else?

- Defund Planned Parenthood
- Repeal the ACA’s actuarial value metal level requirements;
- Change the ACA’s age rating ratios from three-to-one to five-to-one
- Delay, not eliminate Cadillac Tax (2025)
- Elimination of pay or play and individual mandate penalties effective 1/1/16
- Employer reporting would still be required, but will look different. Perhaps on W-2’s.
- Would have reduced the risk of adverse selection by implementing a 30% premium penalty for those who have more than a 63-gap of coverage (paid to carrier who holds the risk vs. the gov’t)
- After 2019 a refundable tax credit instead of subsidies
  - Could be used to purchase COBRA and individual coverage
Where did the AHCA money go?

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Taxes Credit for Private Coverage</td>
<td>$65B</td>
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<td>Deficit Reduction</td>
<td>$132B</td>
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<td>Tax Cuts for High Income/Net Worth Households</td>
<td>$27B</td>
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<tr>
<td>Tax Cuts for Health Care Organizations</td>
<td>$38B</td>
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<tr>
<td>Elimination of Mandate Penalties</td>
<td>$346B</td>
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<tr>
<td>State Grants/Reimbursement</td>
<td>$229B</td>
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<tr>
<td>Health Savings, Accounts, Fish, and Other Tax Cuts</td>
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<tr>
<td>Medicaid</td>
<td>$980B</td>
</tr>
<tr>
<td>Elimination of ACA Tax Credits</td>
<td>$97B</td>
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<tr>
<td>Additional Tax Savings</td>
<td>$1T</td>
</tr>
</tbody>
</table>

The rise of fall (temporary) of Trumpcare
Why did the Trumpcare version 1 fail?

• On its face
  – No Democratic support
  – Freedom Caucus obstacle

• Reality
  – Did not fully repeal the ACA, which was the campaign promise of virtually every Republican as well as President Trump

What is still missing in Trumpcare?
• Transparency
  – RX
  – Tests
  – Procedures
  – Most everything
• Pull back Medicaid Expansion

• Competition
  – Plans
  – Carriers
  – Providers

• Costs
  – Reimbursements
  – AMA control
  – Pharma control

Transparency in medical tests

• Medical malpractice
• Doctors aren’t aware of costs
  – MRIs for example: $474-$13,000 depending on payor
  (Medicare, in-network, etc.), in facility owned by doctor, separate
  charges for radiologist to read results, dye or no dye
• Tests need to be evaluated for efficacy and assigned
  wisely
Transparency in blood tests

• Costs of labs
  – A phlebotomist has to draw the lab
  – The lab has to be drawn using a sterilized needle (single-use; disposable)
  – The blood has to be stored in a specific container often treated with chemicals to prevent clotting or “coagulation”
  – That container has to be stored or shipped under certain temperatures until it reaches the lab
  – A lab tech has to run the test, which can range from simple calculations done with just a ruler (ESR, hematocrit) to ELISA assays (e.g. Hepatitis, HIV) to gene sequencing (e.g. PCR for gonorrhea/chlamydia, viral loads for HIV or hepatitis, certain cancers)
  – The disposed needles and containers need to be sterilized and disposed of in a special process too (autoclave)
  – A diagnostic company or hospital has to purchase proprietary kits. These are costly as the pharmaceutical company is recouping its development costs plus manufacturing plus profit. Most costs are personnel; salary and benefits.

• Personal example
  – I received a quote of >$2,000 for a complete female hormone panel from my PA’s preferred lab. OOP would be approximately $1,250. Ordered a kit from Life Extensions for $299. Paid my PA $5 for the draw.

Transparency in medical procedures
- Article in USA Today March 2015

• Appendectomy
  – Average price in America: $13,910
    Average price in Switzerland: $9,845
    Average price in Argentina: $1,723
  – As with most procedures, there is a huge range in price even within the U.S. America’s 25th percentile for appendectomies is $8,244, while the 95th percentile is $29,499. The Netherlands, Australia, and New Zealand are in the $5,000 range on average.
Transparency in medical procedures

• Normal delivery
  – Average price in America: $10,002
    Average price in Switzerland: $8,307
    Average price in Argentina: $2,237
  – The 95th percentile in the U.S. is a whopping $17,354 for a normal delivery. In Australia, the average is $6,623, in the Netherlands it’s $2,824, and in Spain, $2,251. The American way of handling childbirth has been called the costliest in the world.

• C-section
  – Average price in America: $15,240
    Average price in Switzerland: $10,681
    Average price in Spain: $2,844
  – In the U.S., the 95th percentile is $27,446 for a C-section. Switzerland and Australia are in the $10,000 range on average, while America's average is over $15,000. Argentina and Spain again had the lowest average prices, with the Netherlands falling in the middle at $5,492.
Transparency in medical procedures

• **Knee replacement**
  
  – Average price in America: $25,398  
    Average price in Switzerland: $24,614  
    Average price in Argentina: $6,015  
  
  – The average price of a knee replacement is above $20,000 in New Zealand, Australia, and Switzerland, as well as the U.S. However, America’s 95th percentile shoots up to $51,128. That’s the cost of nearly nine knee replacements in Argentina.

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Transparency in medical procedures

• **Hip replacement**
  
  – Average price in America: $26,489  
    Average price in Australia: $26,297  
    Average price in Argentina: $6,862  
  
  – Hip replacements in Argentina, Spain, and the Netherlands all fall somewhere below $12,000 on average, yet America’s 25th percentile for a hip replacement is $16,622, and the 95th percentile is $53,644. Artificial joint implants prices in the U.S. are inflated to begin with by the few companies that manufacture them, and then these prices are marked up several times by intermediaries, making artificial implants the single biggest cost of most joint replacement surgeries.
Transparency in medical procedures

• **Angioplasty**
  – Average price in America: **$27,907**
    Average price in New Zealand: **$16,415**
    Average price in Argentina: **$5,246**
  – America's 25th and 95th percentiles for angioplasty show a wide range of $16,406 to $61,184. Average prices in Spain and Switzerland are in the $10,000 range, and Argentina, the Netherlands, and Switzerland boast even lower prices for this minimally invasive procedure.

Transparency in medical procedures

• **Bypass surgery**
  – Average price in America: **$75,345**
    Average price in Australia: **$42,130**
    Average price in the Netherlands: **$15,742**
  – For bypass surgery, even America's 25th percentile of $47,982 is significantly higher than the average price of every other country surveyed. The figures for the Netherlands, Spain, and Argentina all fell under $17,000. The 95th percentile for a bypass surgery in America is $151,886.
Transparency in medical procedures

• Hip prosthesis
  – Average price in America: $11,806
    Average price in Australia: $9,982
    Average price in Spain: $3,177
  – Though Spain has the lowest figure by far, in New Zealand the average price of a hip prosthesis is $6,723, just over half the average U.S. price. With $25,843 as the 95th percentile, this procedure could conceivably be eight times more expensive when performed in the U.S. than it would be in Spain.

Pull back Medicaid Expansion

1. Reduce the unsustainable trajectory of spending.
2. Produce better outcomes for people most in need.
3. Stop viewing Medicaid as an economic stimulus
Case study from David Belk, MD

- The first bill is for a patient who spent two days in the hospital, and has private insurance (a Medicare advantage program). Let's see how the numbers add up. In the bottom right corner is the Account Summary. From the first line, you can see that the total bill came to $21,274.49, or about $10,000/day for two days. (The services leading to that cost are on the left: a couple of $2,500 CAT scans, a $4,400 ER charge, etc.)

- On the next line is the amount the insurance company paid: $2,052.95—just less than 10% of the total due! Ouch! Doesn't that leave the patient on the hook for the remaining $19,172.54 (still about $10,000/day, which would be a little hard on most of us)? No, because the next line is the insurance Adjustment, which is the amount that the insurance company miraculously convinces the hospital to forgive. In the end, the hospital charges twenty-one thousand dollars, the insurance company pays two thousand dollars, the patient pays fifty dollars (that's right, just $50) and the rest just goes away.
Case study from David Belk, MD

- This second bill is for a patient who spent three days in the hospital and has completely private health insurance. This patient had some complicated surgery performed on his eye. Now, the Account Summary is a bit different on this bill. The total billed is well over one hundred thousand dollars ($126,714.57); enough to bankrupt just about anyone. The next column over is “patient savings” which is just another term for the adjustment or the insurance discount. In this case, the discount is also well over one hundred thousand dollars (again, almost the entire bill). The insurance payment in this case ends up being just under twenty thousand dollars ($19,527). This time, the patient owes nothing.
- So the hospital bills the insurance company the price of a luxury sports car and the insurance company returns a payment that’s only enough to buy a Honda Civic. What’s going on here?
And so it goes….

- Cadillac tax
  - Delayed until 2020, but still in effect
- Individual Mandate
- Employer Mandate
- Employer Reporting
- Limited plan choices
- Carriers leaving markets
- Premium increases of over 20%
- Doctor shortage
- No transparency
- Fewer uninsured, but basically no coverage due to higher deductibles

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