You Weigh In: Medicare for All and the Latest Wave of Health Policy Proposals

Andrew Loewer & Chris Sloan
Moderator: Chiara Drago

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- **Do not** discuss prices for services or products or anything else that might affect prices
- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do** leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do** alert SOA staff and/or legal counsel to any concerning discussions
- **Do** consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

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Biographies

Chiara Drago, Evolent Health
Chiara studied at the University of Waterloo in Canada. Following graduation, she moved to Chicago to work for the Milliman Health Practice where she focused on ACA rate filings, Medicare Part D bid development, and pharmaceutical analysis for drug manufacturers and large employer groups. Chiara recently joined the Risk and Quality Analytics team at Evolent Health where her responsibilities include quality reporting oversight and development of risk score forecasting models for Medicaid partners. Chiara continues to take actuarial exams in pursuit of her FSA.

Andrew Loewer, Evolent Health
Andrew Loewer, FSA works at the intersection of actuarial science, data analytics, and public policy in Washington, DC for clients looking to understand the financial impact of quickly evolving value-based care and risk-based relationships that are transforming our health system in Medicare, Medicaid, and the ACA marketplaces. In his current role at Evolent Health, he manages a team of actuaries and data scientists that produce analytics, models, and forecasts around risk adjustment and quality metrics in healthcare. In his spare time, he enjoys hiking, camping, traveling, and a nice glass of wine.

Chris Sloan, Avalere Health
Chris Sloan, Associate Principal, advises a number of clients, including pharmaceutical manufacturers, health plans, providers, and patient groups on key policy issues facing the healthcare industry. Chris's economic analyses of key policy proposals and issues, including drug pricing and the repeal and replace efforts around the Affordable Care Act, have been featured in a wide range of publications, including the Wall Street Journal, the New York Times, the Washington Post, Politico, Axios, and Vox. Chris's work has also been cited by policy makers on the Senate floor and by the Congressional Budget Office.
Starting Questions
What best represents your profession?

1. Traditional health actuary (pricing, reserving, forecasting)
2. Non-traditional health actuary (value-based care, risk arrangements, policy)
3. Non-health actuary (life, disability, pension)
4. Other healthcare professional
5. Other policy-focused professional
Rank the biggest challenges with the US healthcare system

1. Member churn / enrollment changes / inability to invest long-term
2. Data / EMR interoperability / coordination & continuity of care / claims payment / paperwork / overhead
3. Uninsured & underinsured members / uncompensated care
4. Narrow networks / inadequate benefit design
5. High costs / price transparency / hidden or inequitable subsidies
How would you rate the current US healthcare system?

1. The current system works pretty well for most people, a few slight modifications are enough

2. Modifications within the existing framework of payers would make significant improvements without major disruption.

3. One or more major payers need comprehensive reform but big parts of the system can remain essentially as-is.

4. We should start from scratch and eliminate all or most current payers (employer, Medicare, Medicaid, etc.)
Current Environment
Healthcare Reform is Responding to Key Areas of Friction in the Healthcare Environment

<table>
<thead>
<tr>
<th>30M</th>
<th>67%</th>
<th>84%</th>
<th>90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured individuals in 2019 and growing</td>
<td>of consumers filing bankruptcy cited healthcare as primary reason</td>
<td>of consumers believe drug prices are unreasonable</td>
<td>of consumers support Medicare price negotiation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21%</th>
<th>102M</th>
<th>31%</th>
<th>$21K</th>
</tr>
</thead>
<tbody>
<tr>
<td>of Americans are underinsured</td>
<td>Americans have a pre-existing condition</td>
<td>of employees are enrolled in a health deductible health plan</td>
<td>Average annual employee family health benefit cost</td>
</tr>
</tbody>
</table>
Public Payers are Growing as a Share of the US National Payer Mix

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>Medicare</th>
<th>Medicaid</th>
<th>ACA</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Enrollment (Pre-COVID)</td>
<td>46%</td>
<td>19%</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Average Premium</td>
<td>$104 / month(^1)</td>
<td>$145 / month (Part B, most beneficiaries with income &lt; $87,000 / year)</td>
<td>~$0</td>
<td>$143 / month (after subsidies)(^8)</td>
</tr>
<tr>
<td>Average Spending</td>
<td>$599 / month(^1)</td>
<td>$1,058 / month(^4)</td>
<td>$685 / month(^7) (varies significantly between entitlement groups)</td>
<td>$612 / month(^8)</td>
</tr>
<tr>
<td>Average Payment Rate (% of Medicare FFS)</td>
<td>199%(^5)</td>
<td>100%</td>
<td>72%(^6)</td>
<td>-</td>
</tr>
<tr>
<td>Average AV</td>
<td>85%(^2)</td>
<td>80%</td>
<td>~100%</td>
<td>68%</td>
</tr>
</tbody>
</table>

2. Peterson-KFF Health System Tracker
3. Kaiser Family Foundation - How Does the Benefit Value of Medicare Compare to the Benefit Value of Typical Large Employer Plans?
4. 2020 Medicare Trustees Report
6. Kaiser Family Foundation - Medicaid-to-Medicare Fee Index
7. Medicaid.gov
8. Kaiser Family Foundation
While the Uninsured Face Gaps in Access, Many Qualify for Financial Assistance to Purchase Coverage

Makeup of Uninsured Population, 2019

- Eligible for Subsidized Coverage Through a Marketplace: 40%
- Not Lawfully Present: 17%
- Eligible for Medicaid or CHIP: 13%
- Living in Non-Expansion State & Income Less Than 100% of FPL: 11%
- Other: 19%

30M people

CHIP: Children’s Health Insurance Program; FPL: Federal Poverty Limit
Medicare-for-All and Public Program Expansions
“Medicare-for-All” Has Gone Mainstream as Americans are Increasingly Dissatisfied with their Coverage

“Not since the Great Society era has so ambitious a social program been so actively promoted by influential Democrats.” – NY Times Magazine

- HR 1384 – Medicare for All Act of 2019 – 118 cosponsors (of 435 members)
- S 1129 – Medicare for All Act of 2019 – 14 cosponsors (of 100 members)

Sanders won 1,119 delegates (1,991 needed to win Democratic nomination) including majority from New Hampshire, Nevada, California, Colorado, Utah, Vermont, and North Dakota
Medicare-for-All Can Be Used to Mean a Variety of Coverage Expansion Policies and Proposals

- **Single Payer**: 1 Public Program + Employer Coverage
- **“Medicare” for All Who Want It**: National Public Option
- **Expand Medicare Eligibility**: State Public Option
- **Strengthen the ACA**:

Most Sweeping → More Incremental

ACA: Affordable Care Act; CHIP: Children’s Health Insurance Program. ESI: Employer-Sponsored Insurance
## “Medicare-for-All” is Not Medicare

<table>
<thead>
<tr>
<th></th>
<th>Original Medicare</th>
<th>Medicare Advantage</th>
<th>Medicare-for-All*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Seniors &amp; people with disabilities</td>
<td>“Everyone in America” – eliminates Medicare, Medicaid, and private insurance</td>
<td></td>
</tr>
<tr>
<td><strong>Premium</strong></td>
<td>$144.60/month or higher based on income</td>
<td>Varies, can be as low as $0</td>
<td>None</td>
</tr>
</tbody>
</table>
| **Medical Cost Sharing (2020)** | Hospital: $1,408 deductible + $352 or $704 coinurance after 60 days  
Professional: $198 deductible + 20% coinurance  
No cap on out of pocket costs. 81% of beneficiaries buy Medigap policies or use other supplemental coverage to cover these costs¹  | Varies but typically includes deductibles and coinsurance. All plans must have an out-of-pocket max no higher than $6,700 in 2020 | None               |
| **Network**            | None                                                                              | Most plans have in-network providers                                               | None               |
| **Rx Drugs**           | 70% buy a Part D plan for ~$40 / month¹                                          | Most plans include Part D Rx drug coverage                                          | Yes, with some cost sharing |
| **Dental, Vision**     | None                                                                              | Many plans include                                                                  | Yes                |
| **Long-Term Care**     | None                                                                              | None                                                                               | Yes                |
| **Managed Care / Risk Sharing** | 33% of beneficiaries part of MSSP or NG ACOs²                                   | Yes                                                                                | No                 |

¹ Based on 2020 data from the Kaiser Family Foundation (source: Kaiser Family Foundation)
² Based on 2020 data from the Centers for Medicare & Medicaid Services (source: CMS.gov)

*Based off Senator Sanders’s Medicare for All proposal from the 2020 campaign.

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1. **Source:** Kaiser Family Foundation
2. **Source:** CMS.gov
Support of a National Health Plan is Mixed, But Higher When Called “Medicare-for-All”

Do you support a national health plan if it would...

- Guarantee health insurance as a right for all Americans: Favor 71%, Oppose 27%
- Eliminate all health insurance premiums and reduce out-of-pocket health costs for most Americans: Favor 67%, Oppose 30%
- Eliminate private health insurance companies: Favor 37%, Oppose 58%
- Require most Americans to pay more in taxes: Favor 37%, Oppose 50%
- Threaten the current Medicare program: Favor 32%, Oppose 60%
- Lead to delays in people getting some medical tests and treatments: Favor 26%, Oppose 70%

Source: Kaiser Family Foundation poll, January 2019

Positive Reaction to Following Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Favor</th>
<th>Oppose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal Health Coverage</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Medicare-for-All</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>National health plan</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Single-payer health insurance system</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>Socialized medicine</td>
<td>46%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation poll, April 2019

Of Medicare-for-All Supporters Under Medicare-for-All...

- Think would be able to keep their current health insurance: 67%
- Think would not be able to keep their current health insurance: 24%
- Not sure: 9%

Source: Kaiser Family Foundation poll, January 2019
What is the single most important thing that healthcare reform should do?

1. Universal coverage / fewer uninsured
2. Improve premium subsidies / mandate more comprehensive benefits / less cost sharing
3. Control costs / manage utilization / standardize rates paid to providers
4. Better coordination between entities
5. Enhanced flexibility in product design / VBID
2020 Election Implications for “Medicare-for-All”
Proposals to Reform the Healthcare System Represent a Wide Spectrum of Changes

<table>
<thead>
<tr>
<th>Key Policies</th>
<th>Retains Public Payers</th>
<th>Creates a New Public Program</th>
<th>Expands Existing Programs</th>
<th>Erodes Commercial Coverage</th>
<th>Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Payer</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Low</td>
</tr>
<tr>
<td>1 Public Program + ESI</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Low</td>
</tr>
<tr>
<td>&quot;Medicare&quot; for All Who Want It</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Low</td>
</tr>
<tr>
<td>National Public Option</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Medium</td>
</tr>
<tr>
<td>Medicare Buy-In</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Medium</td>
</tr>
<tr>
<td>State Public Option</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Medium</td>
</tr>
<tr>
<td>Strengthen the ACA</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>High</td>
</tr>
</tbody>
</table>

FFCRA: Families First Coronavirus Response Act; NIH: National Institutes of Health; FMAP: Federal Medical Assistance Percentage; CARES: Coronavirus Aid, Relief, and Economic Security Act
Election Outcomes Will Dictate Both the Policies and Avenues for Reform

**Scenario 1**
- White House-R
- Senate-R
- House-D

**Scenario 2**
- White House-D
- Senate-R
- House-D

**Scenario 3**
- White House-D
- Senate-D
- House-D

ACA: Affordable Care Act; HAO: Healthy Adult Opportunity Program; CMMI: Center for Medicare and Medicaid Innovation

*HAO waivers allow state Medicaid programs additional flexibilities, including the implementation of capped financing models, closed formularies, work requirements and various eligibility restrictions*
The Trump Administration Supports Overturning the ACA, Which Could Significantly Decrease Coverage

President Trump is supportive of the case against the ACA, *California v. Texas*, saying on May 7 that his Administration will urge the Supreme Court to overturn the ACA.

- **2018**
  - Texas AG and 18 other Republican AGs file suit arguing that the ACA is unconstitutional, given that the Tax Cuts and Jobs Act zeroed out the individual mandate tax penalty

- **2019**
  - The 5th Circuit Court rules the ACA individual mandate to be unconstitutional
  - Since the mandate is “essential” to the ACA, the Court concludes that the entire law is potentially unconstitutional and asks lower court to re-examine

- **2020 & Beyond**
  - SCOTUS has scheduled oral arguments of *California v. Texas* on November 10, a week after the elections. A ruling is not expected until June 2021 at the earliest
  - Administration releases an executive order promising, but providing little detail, to protect pre-existing conditions
President Trump’s Coverage Reform Centers on Increased Flexibility Across Markets

<table>
<thead>
<tr>
<th>Medicaid</th>
<th>Medicare</th>
<th>Commercial and Exchange Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Through CMS’s HAO block grants, states can implement capped financing models and increased flexibility for coverage requirements.</td>
<td>• The Trump Administration has sought to incentivize growth of MA and increase program flexibilities.</td>
<td>• Through CMS 1332 waivers, the Trump Administration has supported increased flexibility for state marketplaces (e.g., flexibility for non-QHPs).</td>
</tr>
<tr>
<td>• CMS 1115 waivers allow states to seek limits to Medicaid coverage through work requirements.</td>
<td>• President Trump has not expressed support for expanding Medicare coverage beyond the currently eligible population.</td>
<td>• The Trump Administration has also supported reinsurance efforts to help states subsidize medical costs of high-risk individuals to reduce premiums.</td>
</tr>
</tbody>
</table>

These policies are also reflected in a 2019 healthcare plan from the Republican Study Committee highlighting Republican healthcare priorities in advance of the 2020 elections and are likely to remain priorities under a second term.
Vice President Biden’s Platform Combines “Moderate” Democratic Coverage Reforms

While there have been discussions on more sweeping changes to coverage reform, Biden’s platform is more moderate, focusing on creating a public option and strengthening the ACA.
VP Biden Proposes to Create a Public Insurance Option, Build on the ACA, and Improve Coverage Affordability

**Public Option**

- As proposed, Vice President Biden’s public option proposal would create a publicly-administered, “Medicare-like” plan that is available on the exchanges as an alternative to private insurance coverage
- Individuals below 138% FPL in states without Medicaid expansion and not already eligible for public coverage would be eligible for premium-free access to the plan

**ACA Subsidies**

- Expansion of ACA advanced premium tax credits (APTC) to families above 400% FPL
- Recalculation of premium tax credit amounts to help patients in all eligible income brackets to better afford more generous plans

**Affordability Provisions**

- Lower threshold of affordability for households with employer coverage (i.e., limit total premium amount to 8.5% of household income, down from above 9.86%)
- Limit “surprise billing”
Budget Reconciliation Can Make It Easier to Pass Legislation by Only Requiring a Simple Majority

1. House Action
   - House passes budget resolution with reconciliation instructions, including targets & dates for certain committees

2. Joint Action
   - House & Senate reconcile respective instructions and pass joint budget resolution

3. Senate Action
   - Senate passes budget resolution with reconciliation instructions, including targets & dates for certain committees

4. House committees pass reconciliation legislation

5. Senate committees pass reconciliation legislation

6. House passes reconciliation bill with simple majority vote

7. Senate passes reconciliation bill after limited debate (20 hours) & simple majority vote

8. House & Senate reconcile & pass identical reconciliation legislation

9. President signs or vetoes bill

10. Senate debate to override Presidential veto with 2/3 vote is limited to 10 hours

Note: The reconciliation instructions are issued by the House and Senate Budget Committees
Would any of the proposals outlined be a significant improvement over the status quo?

1. Yes, they would alter things for the better
2. Maybe, its unclear whether these changes would be better than the status quo
3. No, they are largely political talking points, part of the election, and ignore the realities about healthcare in America
Would disrupting health insurance in the US be a good thing?

1. Disruption and elimination of private insurance isn’t needed, smaller tweaks can solve many of the current issues
2. Insurance and risk sharing entities should continue to play a role in determining how healthcare is financed and delivered but with major changes
3. I’m ready to go work in life or pension
Final Thoughts

“Medicare-for-All” will continue to be at the forefront of policy conversations about the future of the US healthcare system. The 2022 midterms and 2024 Presidential race are likely to feature continued calls to move towards some form of single payer system.

In the meantime, any changes are likely to be incremental adjustments to current public programs. If Vice President Biden wins, and democrats take the Senate, a combination of his policy proposals will likely lead to higher enrollment in public programs and a decrease in the number of uninsured patients.

If President Trump wins, health insurance coverage in the United States will remain relatively stable, subject to the Supreme Court’s ACA decision, and we are unlikely to see any large-scale expansions of public coverage for the next four years.