



March 5, 2018

Undo Sabotage and Expand Affordability of Health Insurance Act of 2018: Section-by-Section

TITLE I: EXPAND AFFORDABILITY

Section 101

Improve affordability and reduce premium costs for consumers. As the 2018 open enrollment season has shown, consumers continue to want comprehensive, affordable coverage. The legislation would increase the affordability of coverage by expanding eligibility for premium tax credits beyond 400 percent of the federal poverty line (FPL), and would increase the size of the tax credit for all income brackets.

Section 102

Lower out-of-pocket costs for consumers. The legislation would expand eligibility for cost-sharing reductions (CSRs) beyond 250 percent of the FPL, up to 400 percent, and would make CSRs more generous for those below 250 percent of the FPL.

Section 103

Expand affordability for working families. Currently, an individual who has an offer of coverage through his or her employer can receive subsidized coverage in the Marketplaces if the cost of self-only coverage is unaffordable (i.e., the employee's financial contribution exceeds 9.5 percent of the employee's household income). However, some low-to-moderate-income families are locked out of receiving financial assistance by determining affordability based on the cost of self-only coverage, rather than family coverage (which is significantly more expensive). The legislation addresses this gap by ensuring that access to subsidized coverage turns on the affordability of family coverage, rather than self-only coverage, thereby expanding access to tax credits for coverage for working families.

TITLE II: UNDO SABOTAGE

Section 201

Protect comprehensive coverage for small businesses and workers. The legislation would rescind the Trump Administration's proposed regulation designed to destabilize and segment the individual and small group markets. The proposed regulation threatens comprehensive and affordable health coverage for small employers and individuals through Association Health Plans (AHPs)—plans that could circumvent many of the consumer protections in the Affordable Care Act (ACA). AHPs would have a destabilizing effect by incentivizing healthier individuals to leave the ACA-compliant market, thereby negatively affecting the risk pool and increasing premiums.

Section 202

Prevent junk plans and continue protections for consumers with preexisting conditions. The legislation would prevent a rule on short-term, limited-duration insurance plans from having

devastating and discriminatory effects. The legislation would require short-term, limited-duration health plans to play by the same rules as ACA-compliant plans (guaranteed issue, community rating, essential health benefits, protections for preexisting conditions), thereby preventing these junk plans from undermining the individual insurance market and raising premiums.

Section 203

Ensure plans provide comprehensive benefits. The legislation would prevent the Trump Administration from taking certain actions proposed in the 2019 Payment Notice that would undermine coverage of essential health benefits (EHBs). It would require plans to cover all EHBs, prohibit substitution of benefits across benefit categories, and ensure broad coverage of prescription drugs. The legislation would also require the Trump Administration to continue to make available standardized plans, so that consumers can make simpler comparisons of plans offered by different issuers.

Section 204

Undo Administration sabotage by requiring open enrollment outreach, education, and funding for navigators. The Trump Administration cut marketing and outreach by 90 percent, and cut navigators by 60 percent for the most recent open enrollment season. Marketing and outreach is critically important to assuring a balanced risk pool. Covered California estimates that an aggressive marketing strategy could lower premiums by 2-8 percent. The legislation requires the Department of Health and Human Services (HHS) to implement a navigator program for the federally-facilitated Marketplace (FFM), and funds it at \$100 million per year from 2019 through 2021. It further requires HHS to conduct marketing and outreach for the FFM and funds these activities at \$100 million per year from 2019 through 2021.

Section 205

Improve Marketplace stability to prevent sabotage from raising premiums. A well-designed national reinsurance program could offset some, but not all, of the premium increases from the individual mandate repeal and the cumulative effects of the Trump Administration's sabotage of health insurance markets. The legislation establishes a national reinsurance program with a statutorily prescribed attachment point, cap, and coinsurance rate. Funding would flow directly to insurers based on their claims, instead of based on an allocation formula that could be used to harm certain parts of the country.

TITLE III: STATE INNOVATION AND TRANSPARENCY

Section 301

Fund state health insurance education programs for consumers. The legislation provides \$100 million in Consumer Assistance Program grants for states, which supports educational activities regarding health insurance, such as helping individuals file complaints and appeals, educating consumers on their rights, and assisting consumers with enrollment, as well as obtaining premium tax credits.

Section 302

Fund state innovations to expand coverage. Recognizing states are innovators in leading the charge to get America covered, the legislation provides \$200 million a year from 2019 through 2021 in funding for states to conduct feasibility studies, pilot programs, technology upgrades,

and other efforts to encourage enrollment in the individual and small group markets (including implementing a state version of an individual mandate).

Section 303

Preserve state option to implement health care Marketplaces. Under current law, federal funds are no longer available for states to set up state-based Marketplaces after January 1, 2015. The legislation would lift that prohibition so that states that have had a change in leadership and want to establish a state-based Marketplace can do so, and receive federal funding for planning and implementation.

Section 304

Promote transparency and accountability in the Administration's expenditures of exchange user fees. It is unclear how the Trump Administration is spending the funds raised from a user fee levied on issuers that is intended to be spent on exchange operations and outreach and enrollment, and whether all of those uses are appropriate. For example, during 2017, the Trump Administration appears to have spent agency money filming anti-ACA propaganda videos. The legislation requires HHS to submit an annual report to Congress that includes a detailed breakdown of the Department's spending on outreach and enrollment, navigators, maintenance of Healthcare.gov, and operation of the Healthcare.gov call centers.