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**AMERICAN ORTHOTIC AND PROSTHETIC ASSOCIATION (AOPA)**

**Short-Term Health Insurance, End of Subsidies Paid to Health Insurers—What Does It Mean to You and Your Patients?**

President Trump yesterday undertook a non-legislative overhaul of the country’s healthcare insurance program, and some significant administrative ‘repeal’ of the Affordable Care Act. Two major executive actions comprise this effort:

 (1) clearing the path for sale of “short-term” insurance plans that do not have full ACA essential health benefits and other rules, at lower rates for healthy individuals, as well as clearing the path for sale of insurance through ‘association plans’ that will include sale of insurance across rate lines without meeting state license laws (parity laws from one state may not apply to plans sold by an out-of-state carrier who operates in a state that does not have parity rules). At peak, there were only about 100,000 Americans enrolled in these short-term plans, so immediate effect will probably not be dramatic. That said, this does initiate a segmenting of the market, incentivizing some healthy persons not to participate in the state-level insurance exchanges under ACA, but to gravitate to these cheaper, less robust short-term plans. If this snowballed to having much larger number of people in short-term plans it would tend to shift the risk pool in the exchanges in the direction of the unhealthier Americans, likely de facto giving them some characteristics of higher risk pools. Indirectly, persons with pre-existing conditions could find themselves relegated to the exchanges and their insurance rates would probably increase across the board without the balance of exchange participation by healthier individuals.

(2) The administration will stop providing the $7 billion in annual, so-called CSR subsidies to health insurers to help cover the co-pays and deductibles of lower income individuals. This is facilitated because of legal challenges where one federal district court deemed these subsidies illegal. Ending the subsidies creates some hard decisions for insurers. They may: (1) continue the credits for co-pays/deductibles without collecting any off-setting subsidy payments which would result in little change in policyholder experience in the short run (some insurers already issued major hikes in 2018 rates, likely anticipating that the subsidy payments would end); (2) thirty-two states will allow insurers to levy a surcharge to offset the loss of subsidies and thereby increasing the premiums (low cost insureds will be eligible for larger tax credits essentially offsetting these larger premiums so they won’t have too much pressing them to drop coverage), or (3) with subsidies unavailable, insurers are permitted to withdraw from the 2018 ACA insurance exchanges in each state over the next few weeks before annual enrollment in the ACA plans begins.

There is a timing disconnect. It will take a substantial amount of time for folks at HHS and CMS to write and implement the many new rules that will be needed to effectuate the short-term plans and association plans. So, these short-term plans will probably not be available for months or perhaps up to a year, even as the subsidy situation could push many folks from their current plans. **Providers will want to take more special care that patients are enrolled and paid in their plans before delivering care**. It’s important to recognize that, at least in the near term, these changes will impact only a portion of the health insurance market. In the short term; employer-based plans, Medicare, Medicaid, and VA, will remain unaffected—though in the longer term the premiums for these plans may change.

There are likely to be lawsuits challenging both of these steps. Both hospitals and health insurers will oppose these steps—hospitals because it will shift many more uninsured folks into emergency rooms, and increase uncompensated care (the expense of which falls on the hospitals), and insurers because, obviously, they want the subsidies. Look for attempts at legislation to stabilize insurance premiums.

Clearly, a time of change has been initiated that will impact providers over coming months. Depending on how health insurers respond, the results ***could*** have our health care looking more like it did before the ACA was enacted: more lower income people uninsured; sicker people potentially paying higher premiums, no assured universal essential health benefits, more people seeking care in hospital emergency rooms listed as uncompensated care, but actually with the cost of their coverage subsidized by higher costs for paying patients and cost-shifting. Can the President do this on his own? We will need to wait through a few years and watch the results on a likely bevy of litigation that will begin to unfold. One enduring fact will be that so long as the Affordable Care Act remains the law, any executive actions taken and regulations enacted by one President will be subject to the prospect of complete reversal by another President.

Stay tuned for what may be a somewhat turbulent ride. We’ll continue to keep AOPA members informed of significant developments.

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