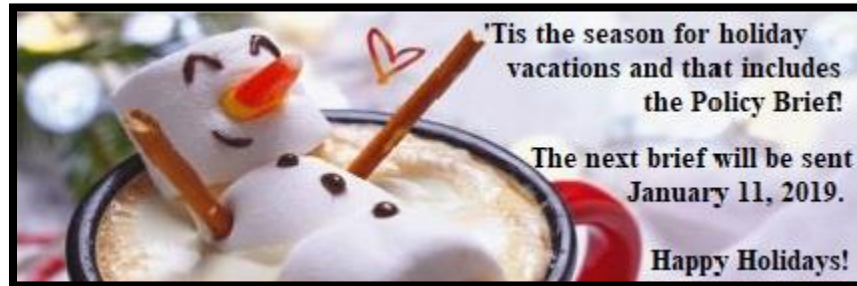




## Policy Brief

December 14, 2018



### More Waiver Flavors: Concepts for ACA Experiments

Building off its October [guidance](#) on 1332 waivers, CMS has outlined four concepts that it hopes will inspire state experimentation. The concepts provide additional ways to use 1332 waivers, which allow states to waive some requirements of the Affordable Care Act (ACA). The new concepts give states even greater flexibility to increase patient choice but may [limit access](#) to care for vulnerable populations. Read more for a breakdown of each new concept.

#### Adjusted Plan Options

States could allow subsidies to be used for non-ACA plans, including short-term and association health plans. The concept also explores ways to sell these non-ACA plans on the Exchanges. Shifting federal subsidy dollars to ACA non-compliant plans would reduce funds for individuals enrolled in ACA-compliant plans, making coverage unaffordable for sicker individuals.

### **Account-Based Subsidies**

States are allowed to use ACA subsidies to fund [health expense accounts](#), which are like private-sector health savings accounts. They would be able to fund accounts for individuals to purchase coverage as well as pay out-of-pocket health care costs.

### **State-Specific Premium Assistance**

Another suggestion is that states distribute ACA subsidies via an entirely new, state-designed program. Options proposed include distributing a flat premium credit, setting eligibility based on age or a higher income level, and creating replacement subsidy structures for the state-based Health Insurance Exchange.

### **Risk Stabilization Strategies**

States can continue implementing reinsurance programs to stabilize their insurance markets. Reinsurance programs are already popular among states with 1332 waivers—nearly all approved waivers use it. In addition, CMS uses this concept to recommend high-risk pools, which no states have done to date.



## **Policy Trends to Watch in 2019**

The plethora of regulatory changes and non-traditional disruptors in 2018 give us an indication of the direction of health care within the coming year. Below are five key policy trends to watch out for in 2019.

**Move Towards Site Neutral Payments.** In the 2019 Outpatient Prospective Payment System (OPPS) final rule, CMS adopted [site neutral payments](#) for clinic visits provided at off-campus Provider-Based Departments (PBDs). Despite the strong pushback from hospitals, HHS Secretary Alex Azar [has made clear](#) that his Administration will continue to "drive toward" site neutral payments in 2019.

**Continued Growth of Medicare Advantage (MA) plans.** About a third (34%) of all Medicare beneficiaries are enrolled in MA and more of these plans are available in 2019 than any other year [since 2009](#). Alex Azar recently stated that [MA plans may grow](#) larger than fee-for service in the next 5-10 years, which may lead to more innovations occurring in MA.

**Price Transparency Efforts.** The shift towards consumer-centric care has highlighted the need for consumers to have access to price information. The Inpatient Prospective Payment System (IPPS) final rule required hospitals to post their Chargemaster online beginning January 1, 2019. HHS has [indicated](#) that more efforts are under way.

**Non-traditional Innovators in Health Care.** In 2018, multiple non-traditional health care players entered the market in response to the growing demand for consumer-centric care. Examples include Amazon obtaining a license to [distribute medical supplies](#), Uber Health [partnering](#) with providers to lower transportation barriers and the Amazon-Berkshire-JP Morgan [joint venture](#) to lower costs for employees. The continuous pressure to lower costs and deliver care more effectively will likely lead to more innovators entering the market.

**Social Determinants of Health.** Increasing recognition of the impact of social risk factors on a patient's health will likely lead to more efforts in 2019. HHS released a [Request for Information](#) on how to best integrate and address social risk factors in Medicare and Alex Azar [recently indicated](#) that Medicaid should start reimbursing for social services, such as housing. The recently passed CHRONIC Care Act also [allows for additional expenditures](#) to be made to address social determinants in MA plans. More innovations are likely to come as a result of this change.



### **What's on the President's Wish List for Health Care?**

In response to an executive order from the Trump administration, the Departments of HHS, Treasury and Labor released a [joint report](#) that details how U.S. health care can be transformed through choice and competition. Read below for details on the major areas of focus.

#### **Advance Site Neutral Policies**

The report encourages Congress and state legislatures to establish site neutral payment policies, both in Medicare and Medicaid. However, it also states differing levels of patient acuity should be considered in the move to site neutrality. The reports states this is necessary because there are financial incentives for providers to refer patients to higher cost settings regardless of patient need.

### **Expand Telehealth**

The report urges Congress to adopt legislation that allows providers to have multistate licensure, creating more opportunities for telehealth use.

### **Allow Health Savings Accounts**

The report encourages the increased use of Health Saving Accounts (HSAs). It recommends that all individuals be allowed to contribute to a HSA, including Medicare beneficiaries in high-deductible health plans.

### **Repeal Certificate of Need (CON) Laws**

The report recommends that states repeal or scale back CON laws, citing the restrictions could stifle innovative and cost-effective ways to provide care.

### **Develop Alternative Payment Models**

The report encourages the provision on incentives and technical assistance that support the development of value-based payment models, independent practice associations and regional quality collaboratives.

### **Price Transparency**

The report recommends the implementation of reference pricing where appropriate and the development of price and quality transparency initiatives.

### **Allow Physician Owned Hospitals**

The report recommends that Congress repeal the [ACA provision](#) that prohibits the construction and expansion of physician owned hospitals. This provision was added in response to concerns about doctors referring healthy patients to their own hospitals.



### **All We Want for Christmas is... A New Farm Bill**

The 2018 Farm Bill is nearing the finish line, having [passed](#) both the House and the Senate. The President is expected to sign the bill as early as next week. The bill funds major nutritional programs, such as the Supplemental Nutrition Assistance Program (SNAP). Absent from the bill is the controversial tightening of work requirements within SNAP, which was included in the House version of the bill. With a favorable

Congressional Budget Office score, both parties are hopeful that this compromise bill will be signed into law before Christmas. Click [here](#) for a bill summary or [here](#) to check out to full language.



### **Public Comment Opportunity**

The Department of Health and Human Services released a [draft](#) Strategy on Reducing Regulatory and Administrative Burden Relating to the Use of Health IT and EHRs. The draft was released to the public in an effort to give health systems and other stakeholders an opportunity to mold the final version. The 75-page document outlines current requirements, burden reduction goals, issues and challenges, and strategies and recommendations. **The public comment period ends January 28<sup>th</sup>.**

### **IN OTHER NEWS**

[Flaws in Reporting Create Knowledge Vacuum Regarding Community Benefits](#) – Modern Healthcare

[White House Urges States to Repeal Certificate of Need Laws](#) – Modern Healthcare

[Treasury Department Releases New Guidance on Health Savings Accounts](#) – Treasury Department

[CMS Announces Pass-Through Funding for 2019 State Waivers](#) – Health Affairs

[U.S. Life Expectancy Declines Again, A Dismal Trend Not Seen Since WWI](#) – The Washington Post

[Step Aside, Amazon: Walgreens Partners with FedEx for Next-Day Prescriptions](#) – The Advisory Board

[CMS Approves NH Medicaid Waiver with Work Requirement](#) – AHA