

# **Health Policy in the 2012 Election Aftermath**

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# Coming Into the 2012 Election: The Choice

## The Affordable Care Act

1. Medicaid expansions
2. Premium subsidies
3. Insurance mandate
4. Insurance reforms
5. Exchanges/state funding
6. Payment reform (ACOs, health homes)
7. Quality improvements
8. Access and public health investments
9. Long term care

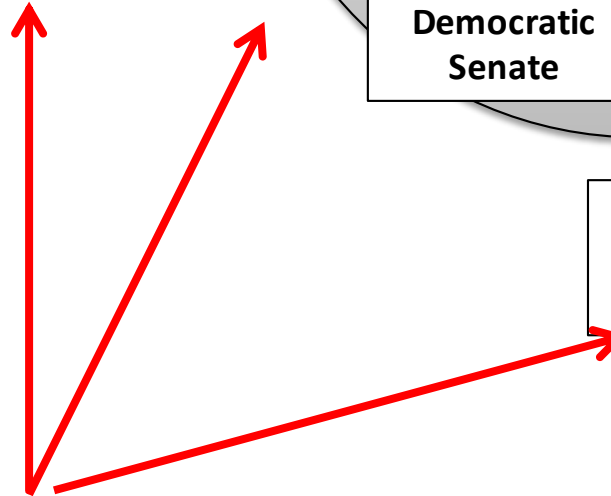
## Deficit Reduction

1. ACA \$ investments
2. Medicaid reform
3. Medicare reform
4. Tax changes
5. Discretionary spending cuts

Obama +  
Democratic  
Senate

Obama +  
Republican  
Congress;  
Romney and  
Democratic  
Senate

Romney +  
Republican  
Congress



# Presidential Election 2012

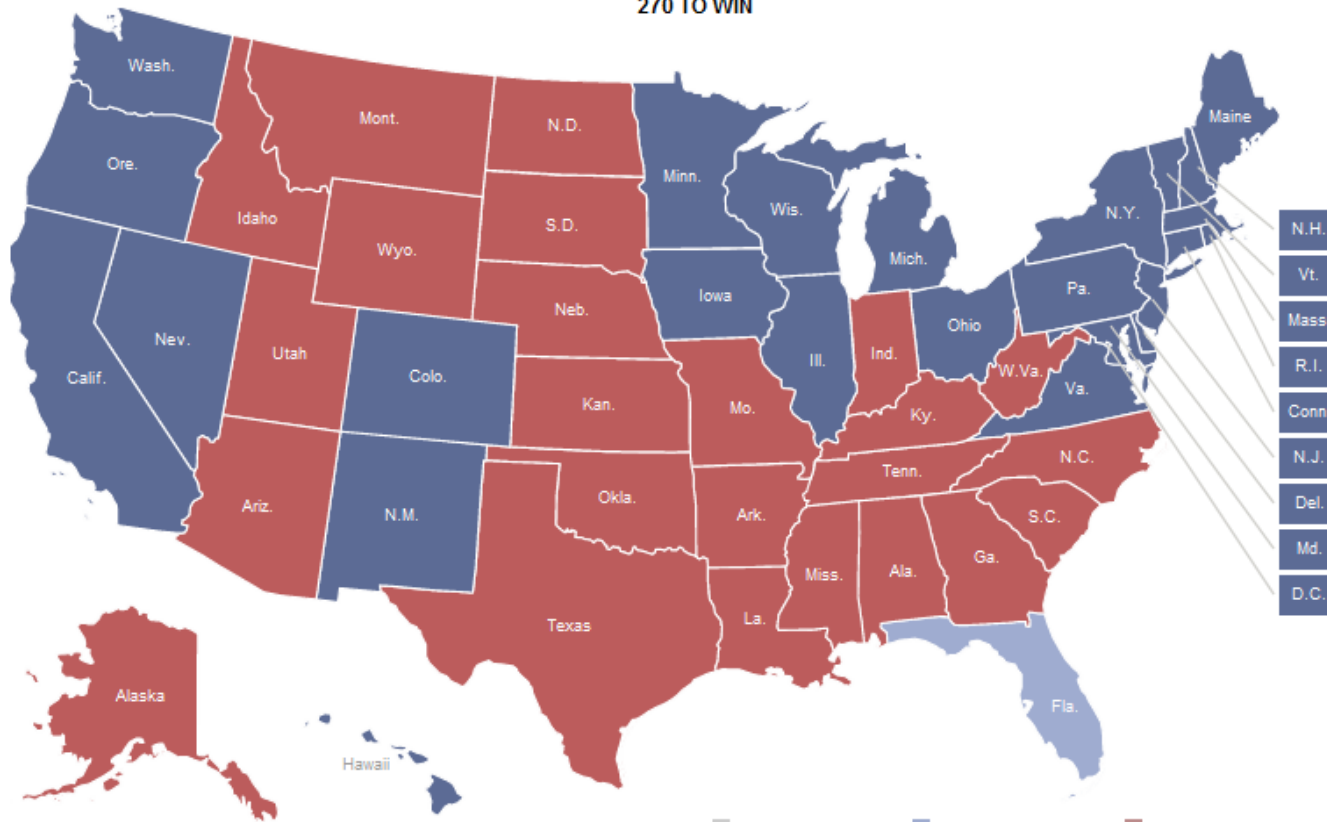


**303** ✓  
ELECTORAL VOTES

**206**  
ELECTORAL VOTES



270 TO WIN



■ POLLS OPEN   ■ OBAMA LEADING   ■ ROMNEY LEADING  
■ POLLS CLOSED   ■ OBAMA WON   ■ ROMNEY WON

# Senate Election 2012

**+2**

DEMOCRATIC SEATS

Total seats: 55

**0**

UP FOR GRABS

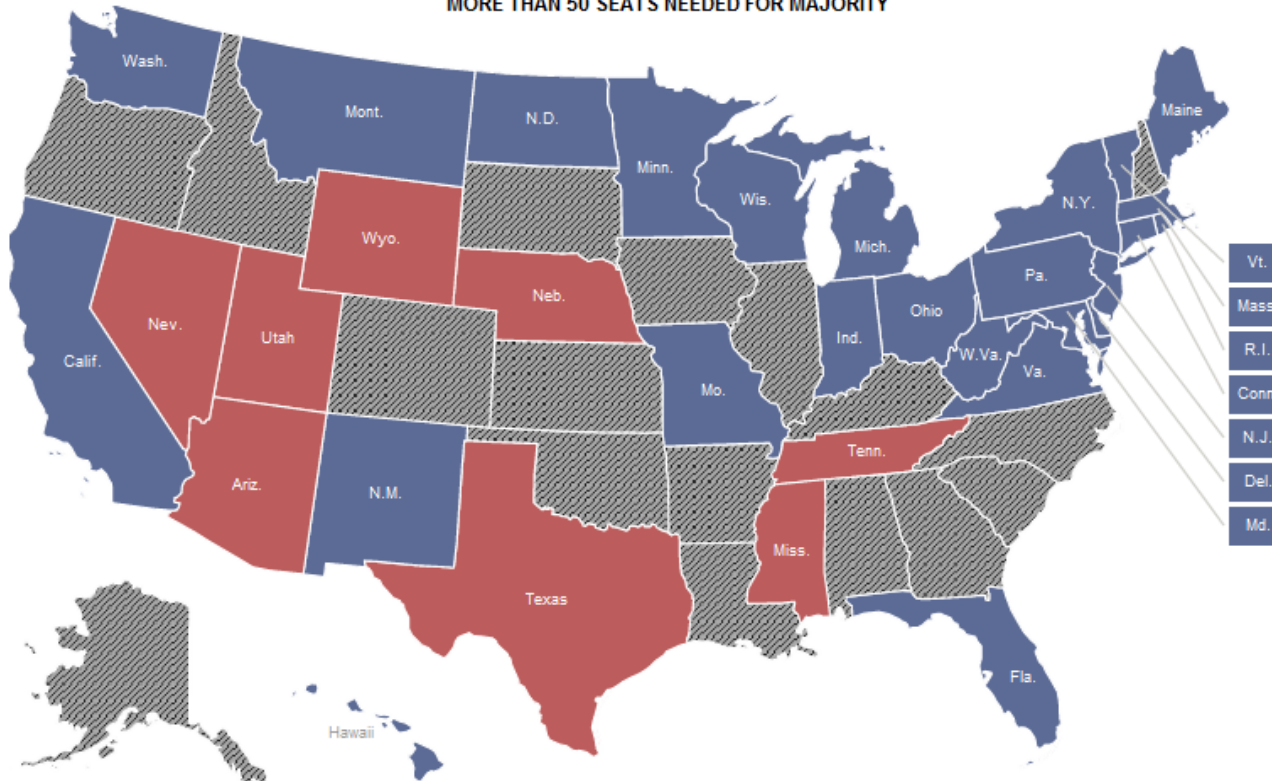
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REPUBLICAN SEATS

Total seats: 45



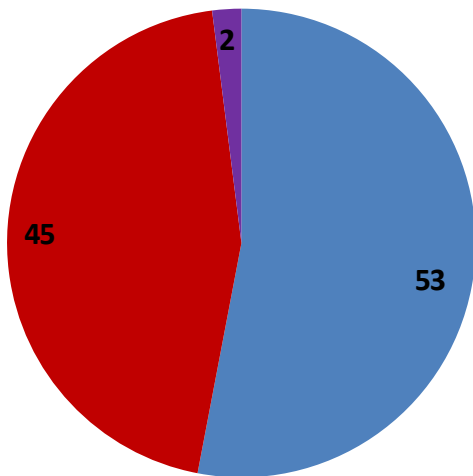
MORE THAN 50 SEATS NEEDED FOR MAJORITY



Two independents, Sen. Bernie Sanders (Vt.) and Angus King of Maine, are expected to caucus with Democrats in the Senate if they win.

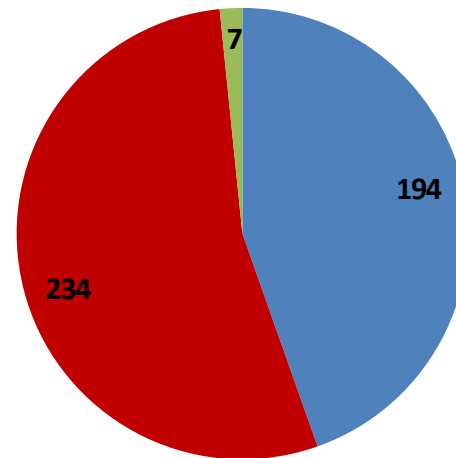
# Party Composition of House and Senate, 113<sup>th</sup> Congress

## Senate



- Democratic Seats
- Republican Seats
- Independent

## House



- Democratic Seats
- Republican Seats
- Awaiting Results

# The Election's Meaning for Health Policy

- ACA implementation proceeds although modification possible
  - Medicaid expansions
  - Premium subsidies and cost-sharing assistance
  - Exchange implementation
  - Payment reforms and system re-design
  - Primary care expansion and public health investments
- The federal programs and policies revised as part of the Affordable Care Act may be further restructured but that restructuring will preserve insurance expansion and market reform
  - Medicaid
  - Medicare
  - Premium tax subsidy policies, including recoupment
  - Federal funding for ACA implementation, including state grants

# Medicaid & Medicare: Possible Fiscal Cliff Scenarios

- Medicaid
  - Per capita cap
  - Eligibility streamlining
  - Benefit redesign – EHBs
  - Payment re-design (DSH, FQHC payment rules)
  - Annual enrollment periods
  - Secondary Medicaid eligibility for persons with disabilities
  - Exchange market alignment options: MCOs and QHPs
- Medicare
  - Further payment reforms (ACOs and medical homes) as well as restructured physician payment system tied to clinical and financial integration
  - Further health care institutional payment reductions
  - Other spending reductions
  - Higher premiums and cost sharing
  - Greater incentives to move into global payment arrangements

# Possible ACA “Fixes” as Part of a Broader Budget Agreement

- More flexible implementation timeline
- State Medicaid expansion options as a result of *NFIB*
- State Medicaid benefit, cost sharing, and payment flexibility
- Medicaid as secondary payer for beneficiaries with disabilities whose incomes exceed the Exchange threshold
- Greater state flexibility in relation to SHOP exchanges (plan administration functions, not only marketing and enrollment)



# Legislative Pathways to the Grand Bargain

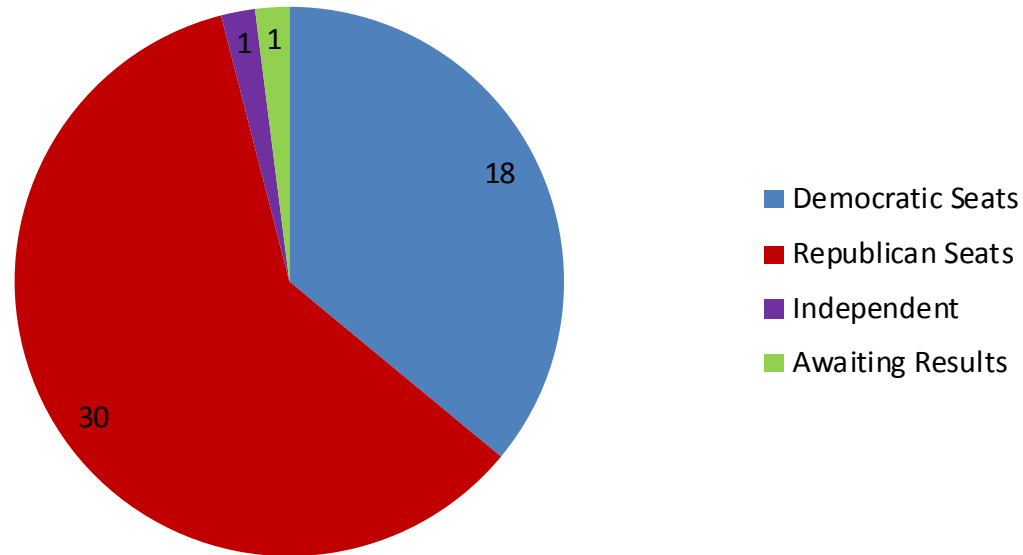
- Reconciliation
  - Simple majority in Senate
  - Strict legislative process rules that preclude amendments that do not affect spending or taxes
- Normal legislative process
  - Supermajority needed to pass legislation
  - Vehicle for altering individual and employer mandates and insurance reforms (already implemented; those that take effect in 2014)
- A “legislative stay” with broader negotiations to follow

# HHS Implementation: Issues to Watch

- Federally facilitated exchanges – implementing regulations
- Essential health benefits – implementing regulations
- Medicaid eligibility and aligned enrollment portal – final regulations
- Basic Health Program – conditions of participation

# Party Composition of State Governors, 2013

## Governors



Democratic: Arkansas, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Kentucky, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Hampshire, New York, Oregon, Vermont, West Virginia

Republican: Alabama, Alaska, Arizona, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, Wyoming

Independent: Rhode Island

Awaiting Results: Washington

# ACA State Implementation

## Issues to Watch

- Medicaid implementation
  - Partial or full eligibility
  - Integrated enrollment
  - Integrated COP for QHPs and Medicaid MCOs
  - Medicaid beneficiaries with incomes > Exchange threshold
  - Payment reform and system transformation both generally and for safety net (including DSH policies)
  - Dual enrollee transformation

## Status of Health Reform Medicaid Expansion



Source: CBPP analysis.

# ACA State Implementation

## Issues to Watch

- Exchanges
  - How will states decide? (State administered, partnership, federally facilitated)
  - State administered/partnership decisions
    - QHP standards
    - Active v passive purchasers
    - Navigator selection
    - Access and essential community provider standards
    - Exchange as exclusive individual/small group market
- Basic Health Plan
- EHB benchmark (25 states have chosen)