

Keeping Health Insurance Affordable Act

The *Keeping Health Insurance Affordable Act* (KHIAA) brings together several new and existing proposals that will improve the current healthcare system and address Americans' concerns with high health care costs. The legislation tackles these concerns by increasing financial assistance to marketplace enrollees, stabilizing and increasing competition in the individual market, addressing high prescription drug prices, and integrating behavioral health services into primary care settings to address the ongoing mental health and opioid epidemics.

Stabilizes the Individual Market. The *Keeping Health Insurance Affordable Act* would stabilize the individual market by providing insurers with predictability by continuing to fund cost-sharing reductions and by creating a permanent reinsurance program.

- *Cost-Sharing Reductions.* The *Keeping Health Insurance Affordable Act* incorporates, Senator Jeanne Shaheen's *Marketplace Certainty Act* (S.1462), which would permanently appropriate the cost-sharing reductions. While this is unnecessary under current law, this permanence will provide stability for the marketplaces.
- *Reinsurance Program.* The *Keeping Health Insurance Affordable Act* incorporates Senator Tom Carper's and Senator Tim Kaine's bill, the *Individual Health Marketplace Improvement Act* (S.1354), which would direct the Health and Human Services Secretary to establish a permanent Individual Market Reinsurance Program to lower financial risk and reduce premiums in the individual health insurance marketplaces.
 - The reinsurance program would increase stability in the individual health insurance marketplaces by providing federal funding to cover:
 - 80 percent of insurance claims between \$50,000 and \$500,000 from 2018-2020.
 - 80 percent of insurance claims between \$100,000 and \$500,000 starting in 2021.
 - The bill would also dedicate \$500 million annually for the next three years to help states improve enrollment. Counties where there are fewer insurers would get priority for this funding.

Increases Financial Assistance. The legislation would increase financial assistance for middle income families by increasing the eligibility level of those who may receive premium tax credits to purchase insurance on the individual market. In addition, the bill would also lower out-of-pocket costs for middle-income households by raising the eligibility level of those who are able to receive cost-sharing reductions.

- *Premium Tax Credits.* Under current law, enrollees in the federal and state insurance marketplaces qualify for a premium tax credit if they have an average household income for the year is at least of 100 percent Federal Poverty Level (FPL), but no more than 400 percent FPL. This bill would extend the eligibility level from 400 percent FPL to 600 percent FPL.

- *Cost-Sharing Reductions.* The legislation incorporates Senator Jeanne Shaheen's, *Marketplace Certainty Act* (S.1462), which would extend cost-sharing reductions to all marketplace enrollees up to 400 percent FPL. The Marketplace Certainty Act would also increase the amount of cost-sharing reductions by increasing the actuarial value (AV) for certain populations.
 - Patients at 100-200 percent FPL would be responsible for paying 5 percent of their care costs.
 - Patients at 200-300 percent FPL would be responsible for paying 10 percent of care costs.
 - Patients at 300-400 percent FPL would be responsible for paying 15 percent of care costs.

Increases Competition in the Marketplace. Under the bill, the Secretary of HHS would establish and administer a public health insurance plan that would be offered on the exchanges, alongside private plans.

- The public health insurance plan would 1) be made available only through Exchanges 2) comply with requirements applicable to other health benefits plans offered through Exchanges, including requirements related to benefits, benefit levels, provider networks, notices, consumer protections, and cost sharing; and 3) be required to offer bronze, silver, and gold plan levels.
- This provision would also require HHS to:
 - Establish an office of the ombudsman for the public health insurance option,
 - Collect data as may be required to establish premiums and payment rates,
 - Establish geographically adjusted premiums at a level sufficient to fully finance the costs of the health benefits provided and administrative costs related to the operation of the plan, and
 - Establish payment rates and provide for greater payment rates for the first three years.
- Requires repayment of start-up costs for the public health insurance option.
- Authorizes HHS to use innovative payment mechanisms and policies to determine payments for items and services under the public health insurance option.

Lowers Prescription Drug Costs. Many Americans have expressed concerns over the high price of prescription drugs. High prescription drug costs are especially challenging for older Americans who live on a fixed income, which is why this bill includes two provisions that would lower drug costs for Medicare beneficiaries.

- *Prescription Drug Rebates for the Dual-Eligible Population and Some Low-Income Medicare Part D Enrollees.* The *Keeping Health Insurance Affordable Act* incorporates Senator Bill Nelson's legislation, the *Medicare Drug Savings Act* (S. 252), which would require drug manufacturers to provide drug rebates to Medicare for drugs dispensed to low-income individuals under the Medicare Part D program.

Prior to the creation of Medicare Part D, drug manufacturers paid rebates to the government for all dual eligible beneficiaries. Medicare Part D moved many dual eligible beneficiaries from Medicaid to Medicare, which eliminated the rebated. This resulted in a windfall for drug

manufacturers because they no longer had to pay rebates for an often costly population. This provision seeks to lower the cost to the government by restoring these rebates for dual eligible and extending them to some low-income Medicare Part D enrollees. Earlier versions scored by CBO show that this provision will save more than \$100 billion over ten years.

- *Medicare Part D Negotiation.* This provision would allow the federal government to negotiate the price of prescription drugs under Medicare. This provision would provide seniors with the option of a plan with a set premium, deductible, and copay level. This does not require the HHS Secretary to develop a national drug formulary or institute a price structure for the reimbursement of covered Part D drugs.

Improves Access to Services for Mental Health and Substance Use Disorders. The *Keeping Health Insurance Affordable Act* would provide a 100 percent Enhanced Federal Medical Assistance Percentage (FMAP) to states that implement in their Medicaid programs an evidence based model that integrates behavioral health services in a primary care setting.

Such a model could include a Collaborative Care Model, which treats patients with common mental health disorders, such as depression or anxiety, with help from a care manager and a psychiatrist who acts a consultant, reviewing patients' progress, making treatment recommendations and sharing his or her expertise with the primary care provider and care manager. Evidence-based models that integrate behavioral health services within a primary care setting not only improve patient care experiences and outcomes, they have been shown to reduce overall health care costs.