

Answering Your Questions About the Latest Administration Actions on Health Care

On Thursday, October 12, 2017, the Administration took two actions on health care that could affect coverage for people who have health insurance through the exchanges.

President Trump signed an executive order that opens the door for the expansion of association health plans, which aren't subject to the same level of patient protections as required by the Affordable Care Act (ACA). Second, the Administration announced the discontinuation of cost-sharing reduction payments, which are payments to health insurers that help reduce out-of-pocket costs for low income people who purchase insurance on the health exchanges.

Read on to learn more about the Administration's actions and their potential impacts on the arthritis community.

Let's start with the executive order.

Does the executive order have any immediate effects on the health care system?

No. The executive order asks relevant federal agencies, such as the Department of Health and Human Services, to change how some health care regulations are interpreted. It is important to understand that the executive order does not have an immediate legal effect on the health care system. Any changes would require federal agencies to issue new regulations and accept public comments about any proposed changes. This process could take several months.

What kind of changes are proposed in the executive order?

The executive order seeks to make three key changes. It would increase flexibility of association health plans; expand the definition of short-term health insurance plans; and enhance health savings account (HSA)-type plans.

What are association health plans?

An association health plan is a type of plan that was available before the ACA was passed into law. These plans are purchased by groups of small businesses that pool together to buy insurance. The idea is that by acting as a unified bloc, these small businesses could exert the purchasing power of a large business.

Allowing small businesses to exert more purchasing power sounds like a good idea. What is the down side?

Whereas ACA plans must offer essential health benefits and protections for people with pre-existing conditions, association health plans are not subject to the same requirements.

Under these plans, essential health benefits could be less comprehensive and protections for people with pre-existing conditions could be eliminated.

What about short-term health plans?

These types of plans can be purchased by individuals for a short period of time, currently for no longer than three months. The plans often have higher out-of-pocket costs and offer fewer covered services than traditional health insurance plans. This is because the plans are intended to be temporary coverage. However, before the ACA, these plans could last for a duration of up to one year. The executive order would extend short-term plans from three months back to one year; these plans would not be required to offer comprehensive coverage.

What changes would be made to health savings account (HSA)-type plans?

Healthcare.gov defines HSAs as a type of savings account that allows you to set aside money on a pre-tax basis to pay for qualified medical expenses. An HSA can be used only if you have a High Deductible Health Plan (HDHP). The executive order could permit people to use funds from these plans to help pay for their premiums on the individual market. This policy is similar to what Congress included in several health reform bills last summer.

Now let's talk about the cost-sharing reduction subsidies. Following President Trump's executive order, the Administration made the decision to immediately discontinue ACA cost-sharing reduction (CSR) payments.

What are cost-sharing reduction (CSR) payments? Why did the administration stop them?

According to healthcare.gov, CSRs are discounts that lower the amount you have to pay for deductibles, copayments, and coinsurance. When you fill out an application during the period of open enrollment, you will find out if you qualify for these payments.

In its announcement discontinuing the payments, the administration cited a legal opinion from the Department of Justice, which determined that the CSR payments were illegal because Congress did not allocate funding for the payments.

How will the discontinuation of CSR payments affect my health care plan?

If you qualify for these payments, the choices available to purchase health insurance could be more limited. This is because health insurers, who rely on these payments to lower an individual's premiums, could decide not to participate in the exchanges. Another potential consequence is that some individuals may see their premiums increase. In either case, the impact depends on the state you live in.

Is there anything a state can do to address the discontinuation of CSR payments?

Following President Trump's announcement on Friday that he was discontinuing the CSR payments, 19 Democratic Attorneys General filed a lawsuit in federal court in California to block the decision. It remains to be seen how this litigation will move forward.

What can Congress do to address the discontinuation of CSR payments?

On Tuesday, October 17, Senators Lamar Alexander (R-TN) and Patty Murray (D-WA) announced a tentative bipartisan agreement to continue the CSR payments for two years and provide states increased flexibility. It is unclear whether this agreement will have enough support in Congress to pass into law.

Do the announcements by the administration change this year's open enrollment for exchange plans?

No. The open enrollment process will remain the same. Open enrollment for federal exchange plans begins on November 1 and ends on December 15.

What is the Arthritis Foundation doing about these two announcements?

The Arthritis Foundation is committed to ensuring people with arthritis have access to high quality, affordable health care and benefit from the patient protections required by the Affordable Care Act. We signed onto statements opposing both announcements and will urge Congress to pass bipartisan legislation continuing the CSR payments.

[If you have questions about open enrollment, please join our October Advocate Webinar on October 25 at 11:00 am EST. Click here to register.](#)

[Please sign up to be an Advocate to receive our monthly Advocacy in Action newsletter for future updates and resources on how to get involved.](#)

We welcome your feedback and questions at advocacy@arthritis.org, and want you to know you can always use the Arthritis Foundation as a resource. We are here for you.