



Health Care Weekly Preview

Week of January 2nd

Happy New Year and welcome to 2018. We find ourselves in a familiar position as Congress has until January 19th to pass a government-funding bill. CHIP and the extenders remain in limbo, and Republicans and Democrats are still, at least publicly, at an impasse over spending, immigration, and health care, among other issues. *It's good to be back, isn't it?*

On Wednesday, Congressional leadership is expected to meet to discuss a path forward on the Deferred Action for Childhood Arrivals (DACA) program. The House is not in session until next Monday, leaving little time to deliberate over a spending bill expected to touch several politically sensitive topics.

The first three weeks could set the tone for the entire year. Does Senate Minority Leader Schumer come back needing to get a win for his side? Congress left town with lots of unfinished business and a lot of annoyed advocates who wanted to fight. Schumer is smart to play the long game, but at some point, advocates will push him to be more confrontational because the 2020 presidential hopefuls will start carping at their behest.

THIS WEEK IN THE HOUSE

The House is in recess until January 8th, 2018.

THIS WEEK IN THE SENATE

No hearings announced in the Senate this week.

RIP INDIVIDUAL MANDATE

The repeal of the individual mandate was a fatality of the Tax Reform and Jobs Act. It will have implications for plan year 2019, but more importantly, should set in motion a discussion in the short-term on a set of market stabilization packages: Alexander-Murray and Collins-Nelson. Last month, Senator Collins publicly stated an agreement she has with Leadership on consideration of these packages, which some say would soften the blow of the repeal of the individual mandate. She will likely face questions on the status of that agreement upon her return to D.C. this week.

How does market stabilization work without an individual mandate? A lot of people will be spending 2018 trying to find the right answer to that question, especially actuaries for insurers participating in the Marketplace. The ACA gives people who are high cost and people with less income a reason to get insurance through subsidies. But without the individual mandate, why will people who don't utilize insurance (the young immortals) buy insurance? Will the experience of purchasing insurance and having the security of coverage be enough of a motivation? That's the tough question.

We are now in an election year. If anyone is thinking about ways to replace the individual mandate, it's time to think creatively about carrots instead of relying on sticks. Waiting periods and late enrollment penalties may be legitimate policy approaches to cause participation, but they are dead as a doornail in an election year. Can the policy world move in the direction of additional incentives to cause participation?

Any health care reform policy that starts from scratch assumes that without a mechanism to cause participation you will have a death spiral. Always keep in mind, we are **not** starting from scratch. This year will be about the impact of the loss of the individual mandate on a functioning marketplace not a conceptual reform starting on day one.