White House Makes Big Moves on Healthcare

The White House made two major announcements regarding healthcare yesterday. First, President Trump issued an executive order titled "Promoting Healthcare Choice and Competition Across the United States" and then late last night it was announced that the CSR (cost-sharing reduction) payments from the government to insurance companies would cease immediately.

Trump's Executive Order

The executive order focuses on three primary areas:

1. Association Health Plans
2. Expansion of Short-term, Limited Duration Insurance (STLDI)
3. Expansion of Health Reimbursement Arrangement (HRA) utilization among smaller employers

The order directs the Secretary of Labor to consider proposing regulations or revising guidance to expand Association Health Plans. The goal of the order is to allow employers in the same line of business anywhere in the country to join together to offer healthcare coverage to their employees. The Secretary of Labor is directed to act within 60 days of the order by proposing regulations or revising guidance on Association Health Plans.

The order directs the Secretaries of Health & Human Services, Treasury, and Labor to consider proposing regulations or revising guidance to expand Short-term, Limited Duration Insurance (STLDI). The Obama Administration limited the length of STLDI plans to three months. This new directive would provide agencies with the opportunity to revise the duration of these plans. The Secretaries of Treasury, Labor, and Health and Human Services are directed to act within 60 days on STLDIs.

Trump's executive order also directs the Secretaries of Health & Human Services, Treasury, and Labor to consider proposing regulations or revising guidance to expand Health Reimbursement Arrangements (HRAs). The goal of this direction is to allow employers to contribute more to their employees' HRAs. The agencies are directed to act within 120 days on the HRA guidance.

CSR Payments to End

Later yesterday evening, the White House announced it would discontinue CSR payments to insurers immediately. The CSR payments are designed to reduce cost sharing for eligible, low-income individuals enrolled in silver plans through the health insurance marketplace. This financial assistance is in addition to the Advance Premium Tax Credit that reduces the actual premium cost of the insurance. The Administration said because Congress has not appropriated funds for the CSR payments, "the government cannot lawfully make the [CSR] payments." Last year a federal judge ruled that the ACA didn't authorize the administration to make the payments because Congress had not approved them. This decision primarily affects insurance companies who will no longer be reimbursed for the CSRs but are technically still required by law to offer them to eligible customers. Since most rates have already been set for 2018 it is anticipated that consumers won't see an immediate impact from this change.

Our Scott Benefit Services team will continue to keep you informed about healthcare reform updates with potential impacts to your business.

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Greg Stancil serves as Director of Healthcare Reform and Senior Account Executive for Scott Benefit Services. Greg has diligently managed Scott's response to healthcare reform. He is regarded as an expert on the employer impacts of the Affordable Care Act (ACA) and regularly speaks at industry events and healthcare reform workshops across the country. Additionally, he is a regular contributor on the Scott Performance Thinking blog where he monitors healthcare reform activity and shares important updates and insights for employers. Stancil is a Registered Health Underwriter (RHU), Chartered Healthcare Consultant (ChHC) and received a Certificate of Studies in Healthcare Reform.