



ACA Update

Alisa Widmer and Da Xu

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Agenda

- **CSR Court Ruling**
- **Risk Adjustment News**
- **Quick Notes from this spring**
- **2017 Premium Drivers**



CSR Court Ruling

CSR Court Ruling- Big Picture

- **Federal District Court, on May 12, 2016, ruled Congress did not appropriate the funds for the Cost Sharing Reduction Subsidies paid by the government.**
- **There is no immediate impact to this ruling as the court stayed the ruling in anticipation of appeal.**
- **Next step: DC District Court will address first if the case presents a political question that is not justiciable. If not political, then it will be decided on the merits of the case.**

CSR Court Ruling - Definitions

- **Advance Premium Tax Credits (APTC)** – tax credit that can reduce the amount of the premiums you pay for insurance - funded through a permanent appropriation for tax refunds
- **Cost Share Reductions:** A discount that lowers the amount you have to pay out-of-pocket for deductibles, coinsurance, and copayments. You also have a lower out-of-pocket maximum. You can get these savings if your income is below a certain level, and only if you choose a health plan from the Silver plan.

56 - 58% of enrollees on the exchange are on a CSR plan.

CSR Court Ruling - Cases

1. **King v. Burwell** – Supreme court upheld, in June 2015, that ACA does provide tax credits to pay premiums on all ACA members (not just those on state operated exchanges)
2. **House v. Burwell – 2 parts**
 1. Decision by Administration to delay employer mandate
 - The delay in employer mandate was dismissed as routine dispute of interpretation of the law.
 2. Funding of ACA CSR
 - The funding of the CSR was a possible infringement on constitutional authority

CSR Court Ruling - Results

- **The House argued that funding for the CSRs was not appropriated through Congress.**
- **Burwell, the administration, argued that APTC and CSRs are integrated and unified system of support.**
- **On May 12th, judge ruled that the ACA's permanent appropriation for APTC did not extend to CSRs. They are different and separate funding items and the Supreme Court permanently appropriated funds for APTCs, but not for CSRs.**
- **Next – Decision stayed based on expected appeal**

CSR Court Ruling - Stakes

- **If CSR reimbursements were stopped Insurers would still have to reduce cost share at their own expense**
 - To response they would have to increase the premiums for those plans to cover the differences. But... The APTCs (premium tax credits) are based on availability to pay premiums – so if the premiums go up – more people will qualify for tax credits – which is actually projected to increase federal spending
 - OR – They could sue Congress
 - OR – Congress could appropriate funds, but the timing would be off.



Risk Adjustment News

Risk Adjustment News

- **Flaws in the way the calculation works**
 - Timing of publications of data results
 - Lag time to finding new membership conditions
 - Formula to setting the risk scores by HCC
 - Rx info isn't used
 - Care Coordination is not rewarded
 - Use of Statewide market average premium
 - Risk Corridor

Risk Adjustment News

- **Suggested corrections**
 - Exempt Start ups from Risk Adjustment
 - Apply credibility
 - Allow use of Rx data
 - Upper bound in Risk Adjustment transfer payments
- **Impacts**
 - By Size of company
 - By type of company (especially Co-ops)
 - By type of plans (New start up plans)



Quick Notes from this Spring

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- **Co-ops**
 - Debate on why they failed
- **UnitedHealth**
 - Impact of exiting the exchanges
- **California approved expansion**
 - Covering illegal immigrants on the ACA exchanges – pending Governor approval



2017 Premium Drivers

2017 Premium Drivers

- **Health Care Costs**
 - Medical Trend
- **Reinsurance Program ending**
- **Risk Pool Composition**
 - Who is joining now vs who joined early
- **HIP Fee**
 - End of HIP fee
- **Small Group Definition**
 - 50 vs 100

2017 Premium Drivers

- **Provider Networks**
 - Larger vs. Smaller
- **Market Competition**
 - Which companies are in which markets
 - Rural markets have fewer choices
- **Administration Costs**
 - How are companies managing?
- **Geographic Impacts**
 - Gaining population history by area



Thank you



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