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Brookings Cafeteria Podcast

The health care issues voters care about in the 2018 midterms

October 22, 2018

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DEWS: Welcome to a special midterm elections edition of The Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews. Healthcare is one of the big issues in midterm election races across the country. Voters are concerned about many aspects of health care including coverage of preexisting conditions, premium rates, and access to care.

To talk about the state of health care policy and its role in the 2018 midterms, I'm joined today by Matthew Fiedler. He is a fellow with the Center for Health Policy at Brookings and a former chief economist of the Council of Economic Advisers where he oversaw the Council's work on health care policy, including implementation of the Affordable Care Act's health insurance expansions and health care delivery system reforms. You can follow the Brookings Podcast Network on Twitter @policypodcasts to get the latest information about all of our shows. And visit us online at Brookings.edu/podcasts for more analysis from Brookings experts on the upcoming elections go to Brookings.edu/2018-midterms. And now on with the interview. Matt, welcome back to the Brookings Cafeteria.

FIEDLER: Thanks for having me.

DEWS: Can you start by reviewing the state of health care policy issues in the United States today? What are the big issues?

FIEDLER: So I think, far and away the biggest issue is the Affordable Care Act, the changes that have been made to the Affordable Care Act during the Trump administration, and what the future of the Affordable Care Act will be going forward. There are I think a variety of other policy issues that are in the background in various ways certainly there’s a lot of interest in opioids. I think there’s a lot of interest in particular in the Democratic side of the aisle of what a health policy agenda might look like past 2018 and past 2020, really. But I think for the most part,our debate is being structured very much around Affordable Care Act.

DEWS: And so when we think about the Affordable Care Act, its not as implemented couple of years ago. There's been a lot of changes over the past couple of years under the Trump administration. Can you talk about what some of those changes have been?

FIEDLER: So there have been four major changes that the Trump administration has made to the ACA since taking office. So last fall, the administration cut off what are called cost sharing reduction payments to individual market insurers which compensate those insurers for providing lower cost sharing to low income enrollees. The second change which will take effect for 2019 is the repeal of the tax penalty associated with the individual mandate. Third big change is the administration over the last year has unveiled rules that allow what are called short term limited duration plans that are exempt from most of the ACA's insurance requirements or the requirement that plans can't deny people who have preexisting conditions, can't charge them more, and have to cover central health benefits and the like. The administration unveiled rules that will allow those plans to be offered in a much broader array of circumstances. And then I think the fourth big change, those are all sort of changes that largely affect the individual health insurance market. The fourth big change are changes in how the Trump administration is managing the Medicaid program. So the administration has begun approving state waivers that restrict Medicaid eligibility in various ways that prior administrations had not been willing to approve.

DEWS: I want to touch on a lot of these throughout this conversation, but first I want to ask just kind of a broad question: how does the outcome of these 2018 midterm elections how to control Congress affect the Affordable Care Act's future?

FIEDLER: So we saw just yesterday Senator McConnell saying that if he has the votes next year, he would like to take another effort at ACA repeal. So I think in a scenario where there continues to be a Republican House and where Republicans have picked up a seat or two in the Senate, you are very likely to see another effort at repealing the ACA.

And I think given how close it came last time around there's a real chance that it would be successful. I mean exactly, what that legislation would look like I think is a little bit of an open question, though. It was called the Graham-Cassidy proposal from last fall is probably would be the starting point for a lot of those discussions given that it was sort of the last man standing last year, and it's the proposal that the administration has endorsed in its budget proposal this year.

DEWS: As I recall, it was just the one vote in the Senate by John McCain that ended the attempt to totally repeal the Affordable Care Act. So it seems like if the Democrats take control of the House then it won't be repealed outright, but the Trump administration in its implementation and rulemaking will continue to change alter chip away at the fundamental premises of the Affordable Care Act.

FIEDLER: So that's right. I think in this scenario where Democrats have control of at least one house of Congress, we're not going to see major health care legislation over the subsequent two years would be my expectation. There may be small things that happen particularly sort of second tier issues but we're not going to see major legislative changes to the ACA. But I think there will continue to be efforts by the Trump administration to undermine or reshape the Affordable Care Act in various ways.

DEWS: It seems like a lot of the races on the Democratic side at least, that candidates are really aligning closely with the Affordable Care Act or at least with tenants that the Affordable Care Act represents. There was some study that showed that nearly half of Democratic campaign ads since the start of 2017 have mentioned health care, compared to about a fifth of Republicans. Do you think this suggests increased acceptance kind of in the general public about the Affordable Care Act?

FIEDLER: So the polling data we have certainly suggests that views towards the Affordable Care Act improved markedly. So the Kaiser Family Foundation has the longest running tracking poll on this and you know the ACA has been consistently in positive

territory with more people having a favorable view of the law than an unfavorable view of the law since the repeal debate started after the 2016 election. I suspect that those public views are what we're seeing in candidates' approaches to this issue. I think exactly why the repeal debate had that effect on public opinion is an interesting question. You know one explanation is that people never really understood what the ACA did and so the repeal debate sort of clarified what the consequences of the law were. Another possibility is realizing that the changes that were implemented in the ACA could actually go away made people scared about losing those things and that in turn translated into a more favorable view of the law.

DEWS: Seems like one of the top features of the Affordable Care Act is this coverage of preexisting conditions or health insurers can't discriminate against people with preexisting conditions, and that seems to have very widespread appeal, maybe that's the most popular aspect and even Republican campaign ads are promoting Republican candidates who say they support the coverage of preexisting conditions. President Trump said we'll have coverage for preexisting conditions. It sounds like that concept has really become stuck in the public's mind as a must have.

FIEDLER: This has been one of the most popular provisions of the ACA from the beginning really. And I think that's probably because a large majority of the public either has a significant health condition themselves or knows someone who has a significant health condition. And so it's very real to them how this provision might ultimately affect their lives. I think what's a little bit unclear is whether this sort of consensus we're seeing on the campaign trail that protecting people with preexisting conditions is important will really translate into policy. So I mean last year public attitudes on these provisions of the ACA were in a fairly similar place even before the repeal debate kicked off. And as a result of that during the repeal debate. many Republican members of Congress were arguing yes, it's very important that whatever bill we put forward ensure that people with

preexisting conditions can still get coverage and don't face many higher costs. And yet at the end of the day the House passed a bill that wouldn't have done those things. And so I think this slippage between public rhetoric and policy actually goes is something keep an eye on.

DEWS: At the same time, the Affordable Care Act, again it protects coverage for preexisting conditions, and yet I think something like 20 Republican attorneys general around the country and the Trump administration have backed a lawsuit in Texas that is seeking to basically gut the Affordable Care Act, to declare it unconstitutional. So if that lawsuit were to prevail, there would no longer be this protection or preexisting conditions, and yet some of those same governor candidates who support this lawsuit are saying they support covering preexisting conditions.

FIEDLER: Right. I think the history of that lawsuit is long and tangled. It is quite striking that you have literally some of the same people who as attorney general have decided to pursue that lawsuit arguing that of course they strongly support maintaining existing protections for preexisting conditions. It's one of the sort of unusual ironies they think of this year’s cycle.

DEWS: I want to ask you one more question about polling data in kind of the general public. I think its interesting Pew Research data on partisan difference on the importance of health care to individual people's voting patterns. Eighty eight percent of Democrats view health care as an important voting issue, whereas only 60 percent of Republicans said that this is an important issue, but health care affects everybody. Any thoughts on the discrepancy there?

FIEDLER: You know I think I mean obviously even 60 percent of Republicans is not a small number. But I think part of it is that is reflecting the fact that Democrats were very galvanized by the repeal fight last year. And I suspect that is translating to how much importance they are placing on the issue going into this election.

DEWS: Let's talk about some of those policy issues around the changes to the Liquor Act that you mentioned at the top of the show. One of them is the repeal of the tax penalty on the individual mandate which you said goes into effect in 2019. If you talk again about what that provision is or soon to be was in when would consumers feel the impact of that change, what does that change look like?

FIEDLER: So the individual mandate was the requirement that people either have health insurance or pay a penalty. So when it's fully in effect, it was a penalty if you didn't have health insurance, it was six hundred ninety five dollars per person or two and a half percent of your household income whichever was greater. The goal of the policy was to expand coverage with two objectives both directly we wanted more people covered but also so that the risk pool in the individual market included more healthy people so premiums in that market would be lower. As the mandate goes away, my expectation is that meaningfully fewer people will have health insurance coverage. I think there's a debate over exactly how large those effects would be. But I think my best bet is at least over the long run, we'll see a reduction in coverage and probably the high single digit millions that will also have consequences for individual market premiums as some healthy people leave the individual market risk pool. Insurers are aware that this is happening. And so in setting the premium rates, they're setting for 2019, they've largely baked in those changes. So consumers will start to see the effect of repealing the individual mandate if they're on the individual market when they obtain coverage this year. 9:22-10:33

DEWS: Let's stick on this question of premium hikes because you've done some research on this. You did a paper on what would premium changes look like if there had been no changes to the Affordable Care Act. We have seen pretty significant hikes in some premiums across the country even in the last couple of years. So can you kind of unpack what the issues are there?

FIEDLER: Yeah so the interesting thing is this year even with these policy changes,

premiums are actually probably likely to fall a little bit or only increase slightly depending on exactly what measures look like nationwide. And the reason for that is what we saw last year's in the midst of all the policy tumult, the changes about cost sharing reductions I talked about earlier insurers expectations that the individual mandate would be repealed and that the Trump administration would take other policy changes that would affect the individual market insurers set premiums really, really high for 2018. They sort of already built in most of those changes. And so what we're seeing this year is while premiums would have been even lower if the individual mandate were still in effect and if some of the other policy changes the administration has implemented had not been implemented. Premiums are actually still falling this year because the sort of correction from the overly high premiums that were set last year.

DEWS: Well listeners you can find Matt's research on this in the show notes of this program.

Another aspect of the changes as you said concerns state waivers for the Medicaid program. I know one of the policy issues that a lot of Republican governors are pursuing in their states is implement work requirements for Medicaid recipients so can you talk about that particular aspect or any other kind of salient aspects of these state waivers on Medicaid expansion.

FIEDLER: So starting with work requirements and I want to circle back because there are a few other types of waivers that states are looking at as well. But I tend to be fairly skeptical of work requirements and I think the evidence we have suggests that they are unlikely to do much to increase work which I think is one of the key objectives that those supporting them put forward. And it's not even clear in cases where they did increase work that it's necessarily a good thing. We know that many of the people who are on Medicaid today and not working have a plausible reason for not working. So they you know in many cases are caring for a family member, or have an illness, or what have you.

I think there's also a sort of moral dimension to this that even if people aren't working and they don't have a good reason, I'm not necessarily sure I think taking away someone's health insurance is an appropriate punishment for their failure to work. I think in some ways, the bigger impact of work requirements though may actually be on the people on the Medicaid program who are working, which is a large majority of people on Medicaid today are either working or would qualify for an exemption that exists under some of these work requirements. It turns out that documenting that you're in compliance with the work requirement is often not straightforward. Getting the documents together or making sure that they're submitted on time in the way that the state requires can be challenging. And so I think in many cases, the biggest impact we may see of work requirements is reduction in enrollment in Medicaid among people who are compliant with the work requirement who weren't able to meet the paperwork requirements.

DEWS: So another one of the ACA changes that you mentioned is the new rules to allow these short term plans. I know the president is promoting that as a great live to the Affordable Care Act, but critics call them junk plans. Can you tell us more about what those are?

FIEDLER: So short term limited duration plans are a category of plans that are exempt from all ACA requirements, so they're exempt from what are called community rating and guaranteed issue requirements, those are the requirements that ban insurers from bearing premiums or denying coverage and health status. They don't have to provide the essential health benefit package and they don't have to cover preventive services and they're exempt from a range of different requirements to provide protections against catastrophic costs. In terms of what the consequences of these policies will be, because these plans can keep people out or charge them more, they will typically be able to offer lower premiums to healthier people. So some healthier people will be better off or pay less because these plans are available. The flip side of that is those healthy people will tend to

leave the existing insurance pool, so sicker people who depend on that insurance pool will generally pay more and some of them may decide to go without coverage as a result.

How you feel about that change is fundamentally going to depend on how you weigh the sort of benefits to those healthier people against the cost of the sicker people. The other dimension is this is short term plans are likely to, in many cases offer less robust insurance coverage. And there are a couple of reasons for that. I think in many cases, the offering a less robust package is going to be a way for these insurers to attract a healthier pool. And so there will be sort of competitive pressures on them to do that. I think the other dimension and this is where I think that junk plans angle comes in, is in the past, evaluating insurance contracts is often pretty complicated and I think in some cases, consumers are not able to evaluate where they're sort of unusual gaps in coverage that those gaps are there, and we've seen in the past some insurers sort of take advantage of that to provide plans that look like they provide coverage, but are in fact robust coverage when people actually get sick. And so I think that's another potential consequence here.
13:34-15:40

DEWS: And one aspect of these plans as far as my understanding goes is that they used to be or maybe currently still are very time limited three months in duration. And that's one of the major changes the Trump administration is trying to implement is to make them last for a year and then you can renew them.

FIEDLER: Right so yes. Under the rules that were previously, these plans could last no more than three months. The administration has now changed to a rule where they can last up to a year but they can be renewed essentially indefinitely beyond that. So there is in my view under the rules the administration has put forward the moniker short term limited duration is just sort of a misnomer. They're just insurance products that are subject to the other ACA regulations.

DEWS: So one other health policy issue that I'm seeing in some of the races in the

political discussion to some degree is this idea of Medicare for all, especially coming from Senator Bernie Sanders of Vermont. What is Medicare for all? Do you think that's really a salient election issue at this time?

FIEDLER: So Medicare for All often is taken to refer to two different things. The term I think has originally been used to refer to proposals like the one that was put forward by Senator Sanders which would replace our sort of current patchwork of private insurance and public insurance programs with a single public program that would provide health insurance to everyone. That's in essence how Medicare functions today for people over 65 and for people with disabilities which is where the name comes from. In fact Senator Sanders' proposal will differ in various ways from the way Medicare operates today. His proposal would actually involve less cost sharing than Medicare has today. On the other hand Medicare as it exists today does have some role for private insurers. So it's a sort of name that goes under, but not necessarily quite as simple as just taking the existing Medicare program and applying it to everyone. Medicare for All has also in some cases been used to refer to a different type of proposal, rather than the sort of single payer type proposal, a proposal that would offer everyone the option to buy into Medicare or Medicaid like plan but preserve existing public and private health insurance options. So those sort of two types of proposals that both of them traveling under that name. In terms of whether these types of proposals clearly have played some role in the political debate so far this year. You know in terms of this election, there's no chance that any version of Medicare for All will become law in the next two years. I think the country's path on this question is more a question that will be litigated in the presidential election heading into 2020. And I think that's where this really be an issue.

DEWS: So we've only got a few more weeks left until the 2018 interims. What other health policy issues you think are out there that aren't getting attention but that are important and what are some that you think we're going to hear more about after the

election when the proverbial dust settles?

FIEDLER: For the most part I actually think our health care debate is going to remain a little bit stuck. I think we're still going to be dominated by discussion of the issue for the most part. The one issue that I think is starting to get more attention under a few different guises is how to reduce the prices we pay for health care services in the United States. I think particularly in private insurance. So we know that private insurance plans in the US pay much more for services than Medicare or Medicaid do. We know the prices of health care services, this is right the price of an office visit the price of a hospital stay are much higher in the United States than they are in other countries. And so I think there are sort of two big questions that both the research community and anything policymakers are trying to grapple with is: One, are we getting anything in exchange for those higher prices is it worth it. And two, if we concluded we weren't getting anything in exchange for this prices, how should we think about trying to reduce some amount?

DEWS: Well Matt, I want to thank you for sharing your time and expertise today to talk about health care in the 2018 midterm elections.

FIEDLER: Thanks for having me.

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