

DCBS analysis of the Presidential Executive Order Promoting Healthcare Choice and Competition Across the United States

Background

Today's executive order is a high level directive to three federal agencies to develop rules, regulations, and policies that will:

- Expand the availability of association plans to more types of employers. One consequence of this will be more employers having access to plans being sold across state lines free of essential health benefit and rate review requirements.
- Make short-term medical plans "easier to access," but ultimately leaves regulation of such plans up to states.
- Expand availability and use of Health Reimbursement Arrangements.

Because the order directs agencies to develop new policies on these topics, it is difficult to predict the exact impact of these pending policies on Oregonians. We are closely monitoring this situation as federal agencies issue more details in the coming months. We do not expect any immediate impact on Oregonians and their plan choices.

We expect no impact on 2018 open enrollment for the individuals, which runs from Nov. 1 through Dec. 15, 2017.

When does this actually go into effect?

The executive order technically asks federal agencies to develop rules, regulations, and policies. The federal rulemaking process can take months. We do not expect to see any changes to take effect this year or to impact plan year 2018 significantly.

Association plan changes

What is an Association Health Plan?

Associations allow small businesses to band together and purchase large group plans.

There are a number of requirements to qualify for an association plan. Most notable of these are that the associations cannot exist solely for the purpose of buying insurance, and that the associations must share a common interest (for example, all members must be wineries or craft brewers). While the details are not yet released, the stated intent of the executive order is to allow more employers to qualify for these types of plans.

It is too early to say what the impact will be on the market. We will need to see what the details of the new regulations will actually look like.

Association plans do have to provide preventive health care benefits, however they are do not have to cover essential health benefits.

There are about 148,000 Oregonians enrolled in associations, trusts, or MEWAS. Note: They are reported together and we do not have the exact total for just associations.

What is the impact of selling insurance across state lines?

It would limit the state's ability to serve and protect health insurance policyholders. Oregonians are better served by Oregon regulators, whose jobs it is to look out for the interests of policyholders. The state can quickly identify problems in the market and work with local carriers to solve them. If Oregonians buy health plans regulated by other states, they would not be able to get local assistance when they have a problem – or protection if the insurer goes out of business.

Short-term medical plans

What are they?

Short-term medical plans are plans sold for less than three months. They are not comprehensive medical coverage. They do not fulfill the coverage requirement of the ACA. And they do not have to comply with the consumer protections of the Affordable Care Act: Meaning they can charge more for being sick, charge women more than men, do not have to cover essential health benefits or preventive health services, immunizations, or other important services Oregonians have come to rely on.

The list of exclusions from one Oregon policy:

- Pre-existing conditions
- People younger than 2 or older than 65
- Outpatient prescription drugs
- Routine pre-natal care, pregnancy, childbirth, and postnatal care (except for certain complications of pregnancy)
- Substance abuse
- Gender dysphoria surgery
- Willfully self-inflicted injury
- STDs
- Immunizations and routine physical exams
- Speech therapy
- Transplants
- Joint replacements (e.g. hip or knee)

There are 8,800 Oregonians on short-term plans.

How will the executive order impact short-term plans?

The order intends to make short-term med plans easier to access, potentially by increasing the length of these plans, but implies that regulation of such plans will be up to states. These plans do not provide comprehensive medical coverage and consumers need to be aware of what exactly they are getting when they purchase such a plan. As more federal guidance and regulations come out, we will know exactly what the changes to these types of plans will be.

In the meantime, Oregonians are encouraged to read the fine print and make sure to check their options on HealthCare.gov. The average price of a comprehensive health plan on HealthCare.gov (after financial assistance) is very close, and sometimes less than the cost of a short-term medical plan.