The Cassidy-Collins Patient Freedom Act

The Cassidy-Collins Patient Freedom Act (PFA) of 2017 would free states to choose better paths to expand access to health care, empower patients, reduce costs, and protect consumers.

Lets States Choose the Best Path Forward –States will have three options:

> Option 1 – Stay on the ACA and remain subject to its requirements;
> Option 2 – the "*Better Choice*" – Adopt a market-based health insurance system using federally-funded Roth HSA accounts, coupled with high-deductible insurance, plus a basic pharmacy plan; *or*
> Option 3 – Design their own health insurance system without federal funding.

States that do not elect an option within one year of enactment are deemed to have chosen the *Better Choice*. States may change their election at any time. Regardless of their choice, all states would still have to comply with the consumer protections outlined below.

Maintains the Affordable Care Act's (ACA) Essential Consumer Protections – Protects individuals with preexisting conditions, and maintains essential consumer protections of the ACA to prohibit annual or lifetime caps, maintain guaranteed issue and guaranteed renewability, cover preventive health services, prevent discrimination, cover mental health and substance use disorder benefits, and allow adult children to remain on their parent's health insurance plan to age 26.

Continues Federal Funding – States that choose to keep the ACA or elect the *Better Choice* will continue to receive 95 percent of projected federal funding for ACA premium tax credits, cost-sharing subsidies, and the federal share of Medicaid expansion even for states that did not expand Medicaid. *Better Choice* states may allow the federal government to administer this system, but states will receive an additional two percent of projected funding for population health initiatives if they administer the system themselves. In either case, federal funding for *Better Choice* states will be deposited directly into Roth HSAs created for residents enrolled in qualified health plans through advanceable, refundable federal tax credits.

Expands Affordable Coverage Using a "Carrot" Rather than a "Stick." – The Individual and Employer mandates would no longer apply except in Option 1 states. *Better Choice* states would auto-enroll uninsured residents in an insurance plan (with residents keeping the right to opt-out). HSA first-dollar coverage allows beneficiaries to immediately use HSA funds for services without having to first meet a deductible, encouraging continued enrollment, stabilizing insurance pools, and allowing premiums to drop. This "carrot" will be more effective than the "stick" of the Individual Mandate.

Allows Better Choice States to Manage Their Own Markets. *Better Choice* states will be able to regulate their own insurance markets to allow insurers to offer a wider range of more affordable plans than under the ACA. *Better Choice* states will also be able to discourage "adverse selection"—which causes higher premiums—by requiring those with pre-existing conditions to maintain continuous coverage, but there will be no medical underwriting for the standard plan at any time. All states must still maintain essential consumer protections listed above.

Uses Price-Transparency to Bend the Cost-Curve Down. Requires providers receiving payment from HSAs to publish "cash prices" for services. Also limits out-of-network surcharges for emergency medical services paid for with an HSA.

Protects Americans from "Wage Lock" Caused by the ACA's "Cliffs." Americans with ACA insurance face punishing "cliffs" when their subsidies phase-out, costing them thousands of dollars and discouraging them from accepting promotions or working more hours. These cliffs occur when an insured's income reaches 250 percent of the federal poverty level (about $30,000 for an individual), where the ACA's cost-sharing subsidies end, and again at 400 percent of the federal poverty level (about $48,000), where the ACA's premium tax credits disappear. The PFA's tax credits phase-out gradually, beginning at $90,000 per individual and $150,000 per couple, avoiding these harmful cliffs.