

Floor Statement on Cassidy- Collins “Patient Freedom Act”

Senator Susan M. Collins

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M_. President, there has been much debate recently on the best approach to replacing and reforming the Affordable Care Act. Considerable confusion and anxiety exist about the current status of the law and the future of health care in America. What is often overlooked in the discussion, however, is that while the ACA provides valuable assistance for some people who were previously uninsured, the system created by the law is under tremendous financial stress. The

Obamacare exchanges are on the verge of collapse in many States. The reality is that significant changes must be made; doing nothing is not an option.

The ACA has been in effect for years, yet nearly 30 million people still do not have health insurance coverage. Many of those who do have coverage through the ACA Exchanges are experiencing large spikes in premiums, deductibles, and co-pays, increasing costs to consumers and taxpayers alike.

Contrary to the predictions made by the early supporters of the ACA, premiums are increasing in nearly every state, with an average increase of 25 percent nationally. The situation is even more dire in some states like Arizona, where premiums have increased by 116 percent. In many counties in Arizona, there is only one health insurer offering plans on the Exchange, severely limiting consumer choice. In fact, for a time last summer, there was no insurer willing to offer Exchange coverage in Pinal County. Fortunately, Blue Cross Blue Shield of Arizona reversed its decision to exit the Exchange in this county, but had the insurer not

done so, it would have presented an even bigger problem for the county's ACA participants.

Nearly 90 percent of those enrollees were eligible for premium tax credits, but subsidies are only available for plans sold on the Exchange, meaning that these individuals and families would have had to shoulder the full burden of their expensive health insurance coverage if no insurer participated in the ACA Exchange.

In my State of Maine, premiums in the individual market for 2017 soared by 22 percent,

on average, and plan options have become more limited. While subsidies cushion the blow for those consumers who are eligible for them, others have had to shoulder the full increase, and of course, taxpayers have had to bear a greater burden. Moreover, individuals and families with incomes exceeding 250 percent of the poverty rate are not shielded from the dramatic increases in deductibles and co-pays.

Many with coverage under the ACA are also increasingly facing narrow networks, which means they may find their preferred doctors are not in

their network. This can be particularly difficult for rural states that may have few specialists and whose citizens rely on major medical centers in nearby states. If patients want to continue to see these doctors, they can be faced with enormous costs that are not covered by their insurance. As one Mainer put it, “[President] Obama said I could keep my doctor, and the insurance company says I can’t.”

The co-ops created under the ACA to help provide health insurance coverage are also failing at alarming rates. In fact, only five out of 23

remain operational. Last year, the financial standing of the Maine co-op was such that, but for the ACA, it would have been placed in receivership under state law. It is also important to carefully consider the effects that Obamacare's Medicare cuts have had on providers like rural hospitals and home health agencies, many of whom are struggling.

In sum, prices are skyrocketing, coverage is narrowing, and the individual market is likely in a death spiral if Congress does not act.

Many members of this chamber share the goal of expanding access to affordable health care.

Over the years, I have collaborated with my colleagues on both sides of the aisle on a number of initiatives. Today, I am pleased to join my colleague Senator Bill Cassidy in introducing The Patient Freedom Act of 2017, to help ensure that Americans have access to affordable health care that improves choice and helps restrain costs.

As a physician who spent much of his career working in hospitals for the uninsured, Senator Cassidy knows what it is like to deliver health

care. I commend him for the tremendous amount of work he has done to develop legislation responding to the very serious problems facing the individual market, and I thank him for his creativity in tackling a very complex issue.

Let me emphasize that our bill is a work in progress and is not perfect; however, it is intended to put specific proposals on the table as we seek to craft bills to repair and improve the Affordable Care Act. Other legislation such as those designed to help small businesses pool risk so that they can

better afford to provide insurance to their employees also deserve consideration.

The Patient Freedom Act is built on the premise that giving people more choices is superior to the “one size fits all” approach that defined Obamacare. We recognize that what works best for the people of Maine or New Hampshire might not be right for the people of Louisiana or California. Our bill respects these differences by giving states three options to choose the path that works best for their citizens.

Option one would allow a state to choose to continue operating its insurance markets pursuant to all the rules of the Affordable Care Act. If a state chooses to remain covered by the ACA, Exchange policies will continue to be eligible for cost-sharing subsidies and advanced premium tax credits, and the state's insurance markets will still be subject to ACA requirements. The Individual Mandate and the Employer Mandate will also remain in place for that state. Medicaid-expansion states will continue to receive federal funding.

More appealing to many states, however, would be the “better choice” option in the Patient Freedom Act that would allow a state to waive many of the requirements of the Affordable Care Act except for vital consumer protections and still receive federal funding to help its residents purchase affordable health insurance.

Here is how it would work: eligible individuals in states selecting this option would receive federal funding deposited into their Roth Health Savings Accounts. The aggregate funding for these per-beneficiary deposits would be determined

based on the total amount of funding that the federal government would have provided in the form of Affordable Care Act subsidies in each state, plus any funding each state would have received had it chosen to expand its Medicaid program, even if, like the State of Maine, it had chosen not to do so. These deposits would be phased- out for higher income beneficiaries.

For every resident who does not have health insurance coverage through his or her employer or through public programs like Medicare and Medicaid, states selecting this option would be

required to offer a standard health insurance plan that would include first-dollar coverage through the Roth Health Savings Account, basic prescription drug coverage, and a high-deductible health plan. States could automatically enroll eligible residents into this standard plan in order to help ensure health insurance access, unless an individual opted to use his or her HSA to purchase more comprehensive coverage, or opted out of coverage altogether.

Individuals who are insured under the Patient Freedom Act would receive debit cards tied to

their Roth HSAs, which they could use to purchase a standard health plan and pay directly for medical expenses. Alternatively, they could choose to use the funds to pay premiums for a more generous health insurance policy.

In addition to federal funds, individuals and employers could make contributions to these health savings accounts, and balances would grow tax-free. The bill also provides for a partial tax credit for very low-income individuals who do not receive employer-based coverage, to help these workers pay for their deductibles and co-pays.

Health care providers receiving payment from the Roth HSAs would be required to publish cash prices for their services, which would add transparency that we need to move toward a more patient-directed health care future.

Under the third option, States could choose to design and regulate their own health insurance markets, free from most of the requirements in Title I of the ACA, but without any federal assistance.

Health care reform should be about expanding affordable choices. The Patient Freedom Act would do that by allowing States to structure their health insurance market without the individual mandate, the employer mandate, or many of the other restrictive requirements in the ACA that have substantially driven up costs and forced millions of Americans to buy coverage that is more than they want, need, or can afford. Americans should have the choice to purchase more affordable coverage, if that is what works best for them.

It is important to note, however, that the Patient Freedom Act would retain several important consumer protections. Dependents will be able to remain on their parents' health insurance policies until age 26. Insurance companies will still not be able to exclude coverage for pre-existing conditions or discriminate based on health status. Insurance companies cannot cap benefits by including lifetime or annual limits in their policies, and they must offer to renew policies as long as enrollees continue to pay premiums. Insurance companies must also continue to cover mental health and

substance use disorder benefits for individuals, a particularly important benefit given the national scope of the opioid crisis which has seriously affected my State of Maine. Provisions like these should be retained; however, the Washington-centric approach of the ACA must be changed if we are ever to truly reform our broken health care system.

Mr. President, I am pleased to see a growing consensus among Members of both the Senate and the House that we must fix the Affordable Care Act and provide reforms at nearly the same time that

we repeal the law. This will help protect the families who rely on the program and give insurers time to transition to a new marketplace that is based on more choices for consumers.

Reforms in the way we provide health insurance must ensure that individuals relying on the current system do not experience a needless and avoidable gap in coverage. If we are going to reform the system, we must begin to put proposals on the table for our colleagues to debate, refine, and enact.

The Patient Freedom Act is one such proposal.

As we continue our work to find a responsible path to repealing and repairing the ACA, we should give states the freedom to choose what they believe works best – whether that means staying with the ACA or selecting a different path that will lead to patient- directed reforms that contain costs and provide more choice. The Patient Freedom Act does exactly that, and I commend my colleague, Senator Cassidy, for his leadership on this legislation.