

REPORT OF THE BOARD OF TRUSTEES

B of T Report 06-A-24

Subject: Redefining AMA’s Position on ACA and Health Care Reform

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1 INTRODUCTION

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3 At the 2013 Annual Meeting of the House of Delegates (HOD), the HOD adopted Policy
4 D-165.938, “Redefining AMA’s Position on ACA and Health Care Reform,” which calls on our
5 American Medical Association (AMA) to “develop a policy statement clearly outlining this
6 organization’s policies” on several specific issues related to the Affordable Care Act (ACA) as well
7 as repealing the Sustainable Growth Rate (SGR) and the Independent Payment Advisory Board
8 (IPAB). The adopted policy also calls for our AMA to report back at each meeting of the HOD.
9 Board of Trustees Report 6-I-13, “Redefining AMA’s Position on ACA and Health Care Reform,”
10 accomplished the original intent of the policy. This report serves as an update on the issues and
11 related developments occurring since the most recent meeting of the HOD.
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13 IMPROVING THE AFFORDABLE CARE ACT

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15 The AMA continues to engage policymakers and advocate for meaningful, affordable health care
16 for all Americans to improve the health of our nation. The AMA remains committed to the goal of
17 universal coverage, which includes protecting coverage for the now more than 20 million
18 Americans who have acquired it through the ACA. The AMA has been working to fix the current
19 system by advancing solutions that make coverage more affordable and expanding the system’s
20 reach to Americans who fall within its gaps. The AMA also remains committed to improving
21 health care access so that patients receive timely, high-quality care, preventive services,
22 medications, and other necessary treatments.
23

24 The AMA continues to advocate for policies that would allow patients and physicians to be able to
25 choose from a range of public and private coverage options with the goal of providing coverage to
26 all Americans. Specifically, the AMA has been working with Congress, the Administration, and
27 states to advance the AMA plan to cover the uninsured and improve affordability as included in the
28 “2022 and Beyond: AMA’s Plan to Cover the Uninsured.” The COVID-19 pandemic initially led
29 to many people losing their employer-based health insurance. This only increased the need for
30 significant improvements to the ACA. Subsequent data indicated that the uninsured rate eventually
31 decreased during the COVID-19 pandemic, due to the temporary ACA improvements included in
32 the American Rescue Plan Act, continuous Medicaid enrollment, and state Medicaid expansions.
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34 The AMA also continues to examine the pros and cons of a broad array of approaches to achieve
35 universal coverage as the policy debate evolves.
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37 *The AMA has been advocating for the following policy provisions:*

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39 Cover Uninsured Eligible for ACA’s Premium Tax Credits

- 1 • The AMA advocates for increasing the generosity of premium tax credits to improve
2 premium affordability and incentivize tax credit eligible individuals to get covered.
3 Currently, eligible individuals and families with incomes between 100 and 400 percent
4 federal poverty level (FPL) (133 and 400 percent in Medicaid expansion states) are being
5 provided with refundable and advanceable premium tax credits to purchase coverage on
6 health insurance exchanges.
- 7 • The AMA has been advocating for enhanced premium tax credits for young adults. In
8 order to improve insurance take-up rates among young adults and help balance the
9 individual health insurance market risk pool, young adults ages 19 to 30 who are eligible
10 for advance premium tax credits could be provided with “enhanced” premium tax credits—
11 such as an additional \$50 per month—while maintaining the current premium tax credit
12 structure that is inversely related to income, as well as the current 3:1 age rating ratio.
- 13 • The AMA is also advocating for an expansion of the eligibility for and increasing the size
14 of cost-sharing reductions. Currently, individuals and families with incomes between 100
15 and 250 percent FPL (between 133 and 250 percent FPL in Medicaid expansion states)
16 also qualify for cost-sharing subsidies if they select a silver plan, which leads to lower
17 deductibles, out-of-pocket maximums, copayments, and other cost-sharing amounts.
18 Extending eligibility for cost-sharing reductions beyond 250 percent FPL, and increasing
19 the size of cost-sharing reductions, would lessen the cost-sharing burdens many individuals
20 face, which impact their ability to access and afford the care they need.

21 Cover Uninsured Eligible for Medicaid or Children’s Health Insurance Program

22 Before the COVID-19 pandemic, in 2018, 6.7 million of the nonelderly uninsured were eligible for
23 Medicaid or the Children’s Health Insurance Program (CHIP). Reasons for this population
24 remaining uninsured include lack of awareness of eligibility or assistance in enrollment.
25

- 26 • The AMA has been advocating for increasing and improving Medicaid/CHIP outreach and
27 enrollment, including auto enrollment.
- 28 • The AMA has been opposing efforts to establish Medicaid work requirements. The AMA
29 believes that Medicaid work requirements would negatively affect access to care and lead
30 to significant negative consequences for individuals’ health and well-being.
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32 Make Coverage More Affordable for People Not Eligible for ACA’s Premium Tax Credits

33 Before the COVID-19 pandemic, in 2018, 5.7 million of the nonelderly uninsured were ineligible
34 for financial assistance under the ACA, either due to their income, or because they have an offer of
35 “affordable” employer-sponsored health insurance coverage. Without the assistance provided by
36 ACA’s premium tax credits, this population can continue to face unaffordable premiums and
37 remain uninsured.
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- 39 • The AMA advocates for eliminating the subsidy “cliff,” thereby expanding eligibility for
40 premium tax credits beyond 400 percent FPL.
- 41 • The AMA has been advocating for the establishment of a permanent federal reinsurance
42 program, and the use of Section 1332 waivers for state reinsurance programs. Reinsurance
43 plays a role in stabilizing premiums by reducing the incentive for insurers to charge higher
44 premiums across the board in anticipation of higher-risk people enrolling in coverage.
45 Section 1332 waivers have also been approved to provide funding for state reinsurance
46 programs.
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- 1 • The AMA also is advocating for lowering the threshold that determines whether an
2 employee’s premium contribution is “affordable,” allowing more employees to become
3 eligible for premium tax credits to purchase marketplace coverage.
- 4 • The AMA strongly advocated for the Internal Revenue Service regulation that was
5 proposed on April 7, 2022 to fix the so-called “family glitch” under the ACA, whereby
6 families of workers remain ineligible for subsidized ACA marketplace coverage even
7 though they face unaffordable premiums for health insurance coverage offered through
8 employers. The Biden Administration finalized the proposed rule on October 13, 2022. The
9 regulation resolved the family glitch by extending eligibility for ACA financial assistance
10 to only the family members of workers who are not offered affordable job-based family
11 coverage.

12 13 EXPAND MEDICAID TO COVER MORE PEOPLE

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15 Before the COVID-19 pandemic, in 2018, 2.3 million of the nonelderly uninsured found
16 themselves in the coverage gap—not eligible for Medicaid, and not eligible for tax credits because
17 they reside in states that did not expand Medicaid. Without access to Medicaid, these individuals
18 do not have a pathway to affordable coverage.

19 The AMA has been encouraging all states to expand Medicaid eligibility to 133 percent FPL.

20
21 Policy adopted by the AMA HOD during the November 2021 Special Meeting seeks to assist more
22 than two million nonelderly uninsured individuals who fall into the “coverage gap” in states that
23 have not expanded Medicaid—those with incomes above Medicaid eligibility limits but below the
24 FPL, which is the lower limit for premium tax credit eligibility. The new AMA policy maintains
25 that coverage should be extended to these individuals at little or no cost, and further specifies that
26 states that have already expanded Medicaid coverage should receive additional incentives to
27 maintain that status going forward.

28 29 30 AMERICAN RESCUE PLAN OF 2021

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32 On March 11, 2021, President Biden signed into law the American Rescue Plan (ARPA) of 2021.
33 This legislation included the following ACA-related provisions that:

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35 • Provided a temporary (two-year) five percent increase in the Federal Medical Assistance
36 Percentage (FMAP) for Medicaid to states that enact the Affordable Care Act’s Medicaid
37 expansion and covered the new enrollment period per requirements of the ACA.
- 38 • Invested nearly \$35 billion in premium subsidy increases for those who buy coverage on
39 the ACA marketplace.
- 40 • Expanded the availability of ACA advanced premium tax credits (APTCs) to individuals
41 whose income is above 400 percent of the FPL for 2021 and 2022.
- 42 • Gave an option for states to provide 12-month postpartum coverage under State Medicaid
43 and CHIP.

44
45 ARPA represents the largest coverage expansion since the ACA. Under the ACA, eligible
46 individuals, and families with incomes between 100 and 400 percent of the FPL (between 133 and
47 400 percent FPL in Medicaid expansion states) have been provided with refundable and
48 advanceable premium credits that are inversely related to income to purchase coverage on health
49 insurance exchanges. However, consistent with Policy H-165.824, “Improving Affordability in the
50 Health Insurance Exchanges,” ARPA eliminated ACA’s subsidy “cliff” for 2021 and 2022. As a

1 result, individuals and families with incomes above 400 percent FPL (\$51,520 for an individual
2 and \$106,000 for a family of four based on 2021 federal poverty guidelines) are eligible for
3 premium tax credit assistance. Individuals eligible for premium tax credits include individuals who
4 are offered an employer plan that does not have an actuarial value of at least 60 percent or if the
5 employee share of the premium exceeds 9.83 percent of income in 2021.

6
7 Consistent with Policy H-165.824, ARPA also increased the generosity of premium tax credits for
8 two years, lowering the cap on the percentage of income individuals are required to pay for
9 premiums of the benchmark (second lowest-cost silver) plan. Premiums of the second lowest-cost
10 silver plan for individuals with incomes at and above 400 percent FPL are capped at 8.5 percent of
11 their income. Notably, resulting from the changes, eligible individuals and families with incomes
12 between 100 and 150 percent of the FPL (133 percent and 150 percent FPL in Medicaid expansion
13 states) qualified for zero-premium silver plans, effective until the end of 2022.

14
15 In addition, individuals and families with incomes between 100 and 250 percent FPL (between 133
16 and 250 percent FPL in Medicaid expansion states) also qualify for cost-sharing subsidies if they
17 select a silver plan, which reduces their deductibles, out-of-pocket maximums, copayments, and
18 other cost-sharing amounts.

19 20 LEGISLATIVE EXTENSION OF ARPA PROVISIONS

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22 On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 through
23 the highly partisan budget reconciliation process, which allows both the House and Senate to pass
24 the bill with limits on procedural delays. Most significantly, reconciliation allows the Senate to
25 bypass the filibuster and pass legislation with a 50-vote threshold so long as it meets a series of
26 budgetary requirements. The Inflation Reduction Act included provisions that extended for three
27 years to 2025 the aforementioned ACA premium subsidies authorized in ARPA.

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29 The Inflation Reduction Act did not include provisions to close the Medicaid “coverage gap” in the
30 states that have not chosen to expand.

31 32 ACA ENROLLMENT

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34 According to the U.S. Department of Health and Human Services (HHS), 21.3 million people
35 selected an Affordable Care Act Health Insurance Marketplace plan during the 2024 Open
36 Enrollment Period. Total plan selections include more than five million people—about a fourth—
37 who are new to the Marketplaces and 16 million people who renewed their coverage.

38 39 CONTINUOUS MEDICAID ENROLLMENT

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41 During the COVID-19 pandemic, the Families First Coronavirus Response Act required states to
42 provide continuous coverage to nearly all Medicaid/CHIP enrollees as a condition of receiving a
43 temporary federal medical assistance percentage (FMAP) increase. With disenrollments frozen,
44 churn out of the program effectively ceased and enrollment increased nationally by 35 percent,
45 from 70,875,069 in February 2020 to 93,876,834 in March 2023, after which the continuous
46 enrollment requirement was lifted. Most of this growth was in the Medicaid program, which
47 increased by 22,634,781 individuals (35.3 percent), while CHIP enrollment increased during this
48 period by 366,984 individuals (5.4 percent). The Consolidated Appropriations Act of 2023 (CAA),
49 which was signed into law in December 2022, established March 31, 2023, as the end date for the
50 Medicaid continuous enrollment requirement and phased down the enhanced FMAP amount
51 through December 2023.

1 The CAA established new requirements that states must meet to receive the phased-down FMAP
2 increase and gave CMS authority to require states to submit monthly unwinding data, such as the
3 number of people whose coverage was terminated, the number of those terminated based on
4 eligibility criteria versus for procedural reasons, plus call center volume and wait times. The CAA
5 also authorized several enforcement mechanisms including corrective action plans, financial
6 penalties, and requiring states to temporarily pause terminations.

7
8 The AMA continues to advocate that CMS ensure that states are maintaining Medicaid rate
9 structures at levels that ensure sufficient physician participation, so that Medicaid patients can
10 access appropriate, necessary care, including specialty and behavioral health services, in a timely
11 manner and within a reasonable distance to where they live.

12 13 SGR REPEAL

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15 The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 repealing and replacing
16 the SGR was signed into law by President Obama on April 16, 2015.

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18 The AMA is now working on unrelated new Medicare payment reduction threats and is currently
19 advocating for a sustainable, inflation-based, automatic positive update system for physicians.

20 21 INDEPENDENT PAYMENT ADVISORY BOARD REPEAL

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23 The Bipartisan Budget Act of 2018 signed into law by President Trump on February 9, 2018,
24 included provisions repealing the Independent Payment Advisory Board (IPAB). Currently, there
25 are not any legislative efforts in Congress to replace the IPAB.

26 27 CONCLUSION

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29 Our AMA will remain engaged in efforts to improve the health care system through policies
30 outlined in Policy D-165.938 and other directives of the HOD. Given that most of the ACA fixes
31 that led to calls in 2013 for this report at every HOD meeting have been accomplished, our primary
32 goal now related to health care reform is stabilization of the broken Medicare physician payment
33 system, including the need for inflation-based positive annual updates and reform of budget
34 neutrality rules.