



Post-Election Symposium: Health Care Policy in 2017
Panel 2: President-Elect Trump's Health Care Agenda

Alliance for Health Reform

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Marilyn Serafini: I promise you that between the second session and the third session, we will give you a chance to get up, stretch your legs and get another cup of coffee. OK, so in this session, we're going to talk about the executive branch. We're going to talk about the White House and the president-elect and we're going to identify what the most pressing healthcare challenges are moving into 2017 and therefore, how this president may respond and how this president may work with Congress.

With us on the panel, we have Gail Wilensky. She's an economist and senior fellow at Project Hope. She ran Medicare and Medicaid in the first Bush administration and she's also acted as an advisor to most of the republican presidential candidates since then. Chris Jennings is founder and president of Jennings Policy Strategies and he's played a leading healthcare role in both the Clinton and Obama administrations. He's had a little something to do also with the most recent campaign.

Welcome to both of you.

Chris Jennings: I don't want to take credit for that one.

Marilyn Serafini: Let's talk first. Let's identify the issues. What have we learned over the last couple of years about what is and what isn't working in the healthcare system and therefore, what does that mean for the challenges for this next president moving forward. Gail?

Gail Wilensky: It's a big question. I think what we have seen work is a substantial number of people get coverage who were previously uncovered. We think the number is in the neighborhood of 20 million, the data is terrible. We don't know for sure how many of them through Medicaid and how many of the 10.5 million people on the exchange are newly insured. Some of the people on the exchange were people who were previously buying their own individual insurance.

My guess is 50/50, 60/40 but it really is a guess whereas I think the expanded Medicaid population, because of the income levels involved, up to 138 percent of the poverty line, it's almost for sure that the new Medicaid people were previously uninsured. We have to kind of surmise that. That was the good part.

The exchanges, the Medicaid part, as best we can tell, seems to have been working pretty well. I use a very crude barometer to come to that conclusion. We haven't heard a lot of screaming coming out or a lot of news coverage coming out and my assumption is that if it were really dysfunctional, we would have. As I say, it's a bit crude but I take that as probably a good barometer.

We have seen lots of problems with the exchanges and I had been writing some bullets about destabilizing forces in the exchanges which of course could be fixed if one were prone to fix that. One of the popular ones we've heard about, letting the independent young adults stay on their parent's policy until 26 would have been a better idea to keep in place until January of 2014 in

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hindsight. This was another young healthy group of people who had a perfectly good reason to stay away from the exchanges, guaranteeing no future penalty for people who don't get covered or stay covered, which was part of the law.

I'm going to come back to it because it goes to Wilensky's response to you have to have a mandate if you want to not count preexisting conditions. Take a page from Medicare. At least, please try Medicare's heavy handed, arm twisting incentive that no one that I have heard has ever called a mandate, which is you get a year when you turn 65 or lose your employer coverage to buy into the voluntary parts B for the physician and D for prescription drugs, or you will pay a penalty per month delayed forever.

We are so tough on our seniors. We didn't have to do the forever part, but we could have had a serious fee for every month delayed after the first year for people when they do want coverage. It would have been a very big reminder, yes I know they're not as risk averse as seniors, why couldn't we have at least tried it and spared ourselves the psychological trauma of a mandate. I think we needed to reconsider the age band, especially for young adults, perfectly compassionate to try to soften the blow for the pre-Medicare. You upped the ante for the young invincibles who already indicated how hard they are to convince to buy insurance.

Lenient special enrollment rates, good for getting your numbers up, terrible for adverse selection. Lenient disenrollment rates, a lot of these people disproportionately who came in on special enrollments, used and dropped. Try doing that if you're employed or you're on Medicare, they won't let you out. On insurer side, not recognizing that only narrow, tightly managed Medicaid like managed care plans were probably able to financially survive in the exchanges.

Now all of these types of problems, oh and the cliff going between Medicaid and private exchanges at 138 percent was a mistake. It would have been better to let people choose their coverage and move the money with them rather than making them move the program. All of these things could have been fixed, can be fixed and make it function much better, but the political imperative that Bob Linden cited, very interesting discussion, is going to make it very difficult for the republicans in the Congress not to be able to show their scalp.

We said we would repeal it and we would repeal it indeed. Of course, the Congress is much more constrained than it looks because the Senate probably will end up 52/48 when the Louisiana runoff occurs. That means except for those things passed through budget reconciliation where a simple majority will do, it will either be 60 votes implying by partisan support or nothing. Clearly Elizabeth Warren and Bernie Sanders aren't going to be in that 60. They've declared scorched earth but shared his view that democrats in general may take that strategy.

You will limit what you could do. I have some thoughts about what you might be able to do even within the constraints I've just laid out in terms of how you have a repeal but maybe not the Medicaid expansion part being in that. That would give you a lot of maneuvering room in your block granting of Medicaid.

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Marilyn Serafini: So why don't we turn to Chris to hear about what we should be thinking about and then we can move the conversation on to what may be possible or what will happen?

Chris Jennings: OK, well good morning everyone. I think I'll first start that in a week's period of time, I've shifted from a could be to a will be to it could've been to now a has been used to be. I've accepted that through my stages of grief and I'm really focused on what the logical next step should be. Gail just laid out a series of policies that could be executed on top of to address some concerns that folks have about the exchanges.

I think there's sort of a first core discussion that needs to take place, which is if we've watched this election, I think we can all agree it was a largely policy free zone election. I think that people voted for change. Hillary was not perceived as a change agent but if anyone is overinterpreting that means radical change of what I have or I'm going to lose something that I already have, I think that will be mistaken interpretation of the mandate. Much more of concern would be the idea of just repealing a law without knowing where you're going to go with it.

I think you're asking members of Congress to buy a pig in the poke. You're basically saying repeal this law and then in five months, we'll come back and we'll fix this law. As Gail just pointed out, in order to fix the law, you're going to have to have 60 votes to do that. I think that will create a huge political dynamic if you repeal and then you're saying oh come back and help us fix it.

My view would be that the president would be well advised, and I believe the president-elect does actually believe that he can come up with a policy to cover all Americans. I think he believes that. I don't think he believes that 20 million people should be off coverage. I don't think he believes that premiums should go up, but the truth is if you pass a repeal law without a replace, then CBO projects 20 million people will lose coverage and that for millions more, premiums will go up or insurers, or you'll have no choices because insurers will pull out.

These are very serious questions of enormous proportions. You're talking about almost unprecedented disruption in the healthcare system for millions and millions of people. I would urge the president-elect to work with democrats to look at some of the ideas that Gail laid out certainly, but not in any way to vote for a straight up repeal that leaves you in a dynamic where you have to jam yourself into the hope that you can come up with some great agreement to fix this problem. You're talking about enormous disruption to states in the Medicaid programs and significant in the insurance marketplace.

That's, and I think Donald Trump during this transition is going to have to think about that. obviously, there's all sorts of discussions right now about we'll do repeal first, but I would just ask the audience, in the six years since we've enacted this law, how many replace policies in which there's consensus have you seen? So you're now asking members of Congress to vote for repeal and then hope that in the next five months thereafter, they can come up with this consensus package of replace.

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My view would be Americans should come together to work with the president-elect to get a package that if you want to replace, if you're going to want to repeal it, then you have to replace it with something that's workable.

Marilyn Serafini: Let's take that to the president-elect. What do we know about what he has been saying, both before the election and since the election about what he might push for and to take that a step further, how can he get his agenda? Gail talked about some of the limitations of the Congress and the Senate in particular, how much room does he have through executive order to do anything that he may want to do.

All this with the undertones that Bob mentioned of Brexit. They just want out.

Gail Wilensky: Let me share what is basically publicly available. I've not been involved either during the campaign or now during this transition period with the Trump agenda, so I'm not doing it, if I had been involved, I wouldn't share it probably in a public setting in any case, but I haven't been. There are two places to look and part of this is going to challenge at least some of what Chris just said, not in its entirety and not frontally, but the notion that republicans have not anything to think about as a replacement.

The house republicans have spent a lot of time putting together their version of a plan in a way that brought in large groups of the House republicans. It was not a top down speaker driven development of a plan, but rather incorporated the various committees of jurisdiction, ways and means, energy and commerce, the labor committee, education committee. While the Senate has not had as much direct involvement in putting in its version of plans, some of its healthcare leaders or involved participants like Senator Hatch, Senator Burr and others have been involved with plans that are not so dissimilar.

It is not quite of repeal and then we'll think about what we want to do. A lot of time has been developed, it is not at a stage of legislative language, but it is quite a detailed plan as congressional plans go. If you look at what the president-elect has talked about, most of the issues are common on republican agendas like expanded HSAs or buying insurance across state lines or being able to deduct insurance from taxes and block granting, Medicaid.

In and of themselves, they will not go to how are we going to insure the approximately 20 million people we think who have gained insurance and I agree completely with Chris' statement consistent with what Bob said. I do not believe the president-elect, I do not believe Congress is going to do something that fundamentally takes back insurance coverage for these 20 million individuals and doesn't provide them or approximately that number with some type of coverage, not necessarily exactly the same number, certainly not exactly the same coverage but with some kind of coverage. It's just not going to happen.

You have the whole House and a third of the Senate, even if it's mostly the democrats who are up in two years and another third in the president two years after that. The problem, if you look at these individually, is that they don't get at the poor who are not on Medicaid and the low

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income, most of whom define the exchange population. Deducting insurance for people who buy it has been argued as a basic fairness issue for years and years, even for those of us who don't like the tax treatment of employer sponsored insurance, there never was a justification for not letting the 17 million people or whatever it was who purchased individual insurance not have the same tax deductibility.

On one hand, it's just getting rid of a past discrimination. The problem is for the poor not on Medicaid and the people mainly below 200 percent of the poverty line, the bulk of the people on the exchanges, that doesn't get the job done because they don't pay taxes. It is what will you do and if you block grant Medicaid but keep the Medicaid expansion money in, you have a baseline very different than if you take the expanded Medicaid money out and that's going to be one of the challenges of what the Congress does.

Again, a reminder, presidents can talk about policy. Congress actually makes the changes and the Affordable Care Act is of a course a very good example. Most of this was developed in the Congress with some cheerleading in the most general level of input coming in from the White House contrary to the 1992 not so wise experience. It's really what the Congress is going to do with some guidance from the president-elect.

Chris Jennings: My hope is the president-elect gives the Congress a little bit more guidance because the Congress to date has not come up with a replace policy that will cover 21 million people. In fact, they have a policy that will take away coverage for 20 million people as certified by CBO and in addition to that, they want to block grant the Medicaid program beyond taking away the enhanced match from the ACA, but block granting the program even further, thus threatening coverage, even coverage that existed prior to the Affordable Care Act.

We just have, those are the policies. Those are the policies that have been passed. Those are the policies that have been developed. Those are the policies that have been enacted, or not enacted thankfully but have been passed, passed is prologue.

I believe, as I really think, you asked about President-Elect Trump. He says everyone has to be covered. This is a very un-republican thing for me to say. He says we must have universal healthcare. I'm a conservative on most healthcare, but a liberal on this one. We should not hear so many stories of families ruined by healthcare expenses.

He talks about, and he has talked about, the deductibles being too high. My view is that we should be embracing President-Elect Trump's commitments, stated commitment to covering every American and not disrupting policy so much. This would suggest that you can't have a repeal vote that is separate and apart from what your vision is to replace it. It's just that simple. Frankly, from a democratic perspective, if you're asking people to vote for a repeal without even knowing what this alternative would be, I would think there would be a number of republicans who would say wait a second, I can't take away all these things from people without knowing where I'm going.

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Right now, there isn't a vision that achieves that outcome. My view is over the next two months, it will be to the victor goes the spoils and the responsibility of governing. That is the reality. Healthcare is sort of like relationships. You never value it so much until you're about to lose it and my view will be, and is, that we have a few months to educate, inform, request that the president-elect engages constructively, asking the Congress to work collaboratively with democrats.

Yes, on many of the policies, the democrats are in the minority. Everything that Gail has suggested about fixes to the Affordable Care Act are probably things that many democrats would not feel comfortable with. On the other hand, she's not talking about radical transformation or taking away coverage. Those are alternative ways to make exchanges work. I'm saying right now, we don't have a vision from the republican Congress as to what that is and until we do, I would think that there will be republicans as well as most democrats who can just say I'm not going to give you a blank check.

Gail Wilensky: That is something we will see. We haven't mentioned it, but I assume this audience knows, but in case people are listening, let me remind them that what was passed last year, although it was a free shot because everybody knew the president would veto it, so not necessarily what will be passed again, it was with a two-year implementation delay, very common strategy in tax policy where when you pass a bill, it takes effect some number of years later, but almost never in the year in which it occurs.

The question about whether 50 senators will be willing to sign on to a repeal with a two year implementation delay, which would take it until 2019, to have finalized, again, I believe that the house republican plan with its use of refundable tax credits, which as both an; who believes we need to get everybody or 95 percent north covered, refundable tax credits are a perfectly legitimate means for doing subsidies and then you have the debate about what it is they have to buy with those, which is appropriate to debate and how regulated and the mandate notion.

Again, I've suggested a strategy to have to, not have to use a mandate concept, but to try to get the job done through heavy incentives. That will be part of what goes on behind the scenes. My guess will be that some republicans may not, in the Senate, may not be willing to support a repeal without having had some serious behind closed doors discussions about the direction they're going. Whether that will be more than one or two, I don't know.

I do think the notion that there is not some fairly clearly laid out paths is just incorrect. Again, it is not legislative language but it is 38 or 40-page discussion of what they want to do. That is not a trivial document and has involved large numbers of house republicans.

Chris Jennings: Again, if that trivial, I will not call it a trivial document, if that document can be put into statutory language because it's so far advanced, then they should do it at the time that they repeal the vote, repeal the law. Not at some future date that, as I understand it, we try to learn from Russian leaders now, but I think one thing is that, one thing that Ronald Reagan said is trust, but verify.

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My view is for a republican who is concerned about the impact of these policies on their people, their constituents, and remember many of these constituents are working Americans. Many of these Americans are people who voted for Donald Trump. I just think you don't buy a pig in a poke. I'm from southeastern Ohio, Appalachia, I know people; that was something I learned growing up. You see what you're buying before you hand over the money or before you hand over the responsibilities.

Let me just say one other thing, which is I think another very important part about this. This idea that you can just delay for two years and then hope that they pass something in between doesn't even work for the very insurers who are in the marketplace today. They have to know by March or April what are the governing rules that they're going to be living in going forward.

For example, they have been relying on the cost sharing policies that the administration interpreted, that made premiums lower for exchanges. If that's taken away as a result of the house action, take away cost sharing subsidies, you're going to see premiums go up even further, risk go up even greater, risk selection going up even greater. Plans saying in this environment over the next two years, why should I participate.

There's some major even transitioning issues, if you consider just having a repeal vote without any fixes beforehand. Again, if I'm a health plan, why do I commit to participating in a marketplace where I don't know where the rules are going forward.

Gail Wilensky: Well you know you're only committing for the year in which you have an enrollment.

Chris Jennings: That's next year.

Gail Wilensky: Right now, it's going on for 2017 and in 2017, it will go on for 2018, neither of which are likely to be the affected years. It's the year after, but the question of whether...

Chris Jennings: No, but even in 2018 Gail, when they make a decision next March and April, do I participate or not, they have to answer the question in what market am I participating in. Do the cost sharing, do I get money back for the risk corridor payments. Do I get money for cost sharing protection? Do I get the risk mitigation that the administration said that I was going to get or not?

Gail Wilensky: The risk corridors are done.

Chris Jennings: Well, the risk corridors are still a discussion. On the cost sharing, do I get cost sharing. That's a big deal. That's why this makes it affordable or it doesn't make it affordable. If it's not affordable, guess what, a lot of unhealthy people stay. A lot of healthy people leave, that's just the reality.

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Gail Wilensky: The cost sharing, as you know now, has had its most recent court decision unfavorable to it. It is not necessarily a new act by the Congress. I personally, as a policy person, would prefer that they have a repeal and replace go together. I think as a purely political matter, which you focus on usually more than I do, you know at least as easily as I do, that you had many republicans and the people Bob Blendon talked about this morning who said I just want this to go away, that it will be extremely difficult for republicans in the Congress to wait until they have a consensus document about legislative language, defining what the replacement looks like, to have a repeal.

I assume some type of a dollar repeal, again for me I wish they would leave some of that Medicaid expansion money in, it would give them a lot more flexibility going forward, but whatever they choose, assuming they have 50 votes in the Senate, will at least be proposed. Of course, we've never seen what the votes look like when it counts for real and it is possible, unlikely, it's possible that three or more republican senators would say I need to see the replacement.

My guess is we will see a partial dollar repeal, maybe a full dollar repeal early with delayed implementation and some serious work going on either putting into legislative language what exists or to modifying between the two houses. Whether there'll be any willingness of members of the democratic party to participate, I don't know, or whether they will unfortunately adopt the same strategy republicans have used.

Chris Jennings: I am not representing the democratic party other than to say that I bet you anything if republican leadership wanted to work with the democrats on a replace document, they would work with them on a replace document. They're not going to vote for a repeal without a replace. I think that is the disaster.

One last thing, something that Gail says that I totally agree with, that Medicaid expansion has been an extraordinarily almost unprecedented expansion of a program that's worked for people mostly at or below poverty, mostly because the program already existed. The states who decided to expand were invested in it. We have 31 states who have expanded coverage to millions of Americans, now what we're about to see is a vote that under the best of scenarios will reduce the federal matching dollars down to the old matching levels in which states had decades to use that matching rate to expand, as you know, and they did not.

How anyone believes that you can reduce that federal commitment to those states and states can afford to expand, is beyond me. It's beyond me.

Gail Wilensky: Even the law had it going it to 90 percent, coming down from 100 percent as of this year.

Chris Jennings: OK, but they know that. They knew that going in so now they know, but now you're saying I'm taking that away. I'm going to reduce it down to old state federal matching rates. Do you really think that states will then maintain the coverage at that level?

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Gail Wilensky: I think the split rate for the newly higher income individuals on Medicaid at a differential rate from the base Medicaid program was an unstable element from the word go and it was only a question of when you got a unified rate and at what level. This was lunacy as policy other than trying to make it completely whole by having the federal government pay all of the money, but as a policy, made no sense.

Chris Jennings: Gail, that lunacy brought people, childless adults up to 100 percent of poverty and beyond, I don't believe; you don't call that lunacy?

Gail Wilensky: Yes, but at 100 percent funding of federal government money when the people who were, the poorer people in the states were getting so much less matching. At some point, having this backwards type of matching where the higher income people get higher match than the poor, lower income people had to be put together.

Chris Jennings: Gail, would you then advocate then for raising the matching rate for all populations?

Gail Wilensky: Of averaging in some way, but not taking it down.

Chris Jennings: But in a budget neutral level for the states?

Gail Wilensky: That's the policy decision that Congress has to decide.

Chris Jennings: That's the policy that they haven't made.

Marilyn Serafini: Let's talk about the how for a minute, the infrastructure. We haven't talked about the use of executive order. We've talked about how this president may work with Congress. What can the president-elect do via executive order and what do you expect may happen in that regard?

Gail Wilensky: We can take the waivers as an easy one. The 1332 waivers did not have rulemaking process used. There was something called guidance which I assume can be immediately undone with contrary guidance. For many republicans and some policy people not republican, it was an unnecessarily restrictive waiver by requiring only savings in the ACA be counted as opposed to looking at Medicaid and ACA jointly, and also requiring budget neutrality in year one and each year rather than doing the more common period averaging that OMB has allowed for other kind of Medicaid waivers.

Any executive order that was done to implement the ACA obviously can be undone or changed in the same way. I don't know, Chris may know some of the other executive orders.

Chris Jennings: My view would be that the president-elect will want to think about protecting the cost sharing frankly. He may be saying to the speaker-elect, if that's now; I know he's been reelected, has he not.

Gail Wilensky: Not technically.

Chris Jennings: Is this a very good idea that you're taking away cost sharing from the marketplace in 2018? Is this a good idea? I would use the power of the executive branch to work with the colleagues in the Congress. There's other things that they can do for sure, I'm not going to suggest things I don't want him to do, so I'm not sure I have much of a long list here of things that he'll want to focus on.

Again, I do go back to I really believe that the president-elect believes that he can; he even talks about his concerns about deductibles being too high. I'm just saying the president-elect has a vision of covering every American in an affordable way and helping reduce deductibles. If that's his vision, I think a lot of democrats would like to work with him to that end. If its reducing coverage for 20 million Americans and increasing premiums for millions more, then they're going to be very, I think, unified against, particularly if there's not an alternative at the time of repeal.

People need to know what they're voting for and Gail, you know the difference between a 38-page white paper and statutory language in execution of implementation. You know more than anyone about that and this Congress has yet to come close to passing or drafting or crafting a policy like that. I think it would do well for the American public and the representatives to know which direction they're going. This is a very simple request and I think it makes a lot of sense.

Look, these poor states out there, they're trying to figure out what direction they're going to go in for Medicaid. I would rethink this whole idea. Maybe they should talk about your idea of in a budget neutral or my idea, but in a budget neutral way not reducing federal support for Medicaid expansion

Marilyn Serafini: The one issue we have not talked about is Medicare. Let's just talk very quickly about Medicare and then we'll open this up to audience questions. This is one area where we're hearing a lot from Paul Ryan in the house and he's already talking about premium support and entitlement reform. What do we know about the president-elect and how he may work with Paul Ryan or the Congress on this issue and do we see Medicare, any kind of Medicare reform?

Gail Wilensky: I think, again, if you look at what was said during the campaign, president-elect said I don't want to touch Medicare or social security. From his vantage, it seems unlikely that the White House will push for any Medicare change. All of us in the room know, have known for the last 20 years, if we were worrying about it 20 years ago, that Medicare is on an unstable path largely because of the baby boomers, but even more so as per capita spending on Medicare starts inching back up as we knew it would.

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It is a question of when we want to take this on. I will be pleasantly surprised if it happens during this term, because sooner is better. Four years ago would have been better. Four years before that would have been even better yet or maybe when they were passing the part D prescription drug coverage. I don't think they have to do it now, so I personally won't die of shock if it doesn't happen. Paul Ryan and the house republicans have said yes, they want to take it on.

Chris Jennings: I probably defer to president-elect on this one too. I think in the end, probably not a wise political move to go to that. President-elect and I are aligned clearly. I would say a couple of things about Medicare that's very important. First of all, mediate is growing at GDP per capita, have been for five or six years, it's been amazingly low growth rates in the Medicare program. Our deficits are lower, the trust fund is stronger as a consequence of the, a lot of the Affordable Care Act actions so let's not pretend that that is not the case.

Also, what is not the case is it is not even technically true to say that the republican leadership is going to repeal Obamacare next year because they're going to retain all Obama Medicare savings policies, which means that the hospitals are going to not only have to retain all the savings that they contributed for coverage expansions, but see a 20 million reduction in coverage. That is a two-fer, that's what's known as pain and more pain.

This is another area where I don't believe when you're growing at Medicare per capita and you've retained all these cuts and savings policies and reforms and the Affordable Care Act, that you're going to then say oh, lets lower the bang even more and in fact, I think that we're really threatening the hospitals in the next few years with this proposal to retain savings and reduce coverage. I think that's an absolute unmitigated disaster for the hospitals of this country.

Marilyn Serafini: OK, let's turn to the audience. Questions, yes right here. Please state your name and affiliation.

Margaret Peterson: Hi, my name is Margaret Peterson and I work in the office of senator Joni Ernst from Iowa. Thank you both for being here. I know this is a little like reading tea leaves, but I appreciate your thoughts. I was wondering if you could comment on the GAO's finding on the reinsurance program and whether President-Elect Trump may use executive order to take some action there.

Gail Wilensky: I have no idea. I simply haven't heard it discussed, so it's hard to know.

Chris Jennings: I think there's a larger issue of in the marketplace, what are you going to be doing about risk mitigation. You've got the risk corridors, you've got reinsurance traditionally, those two have phased out completely and then you have, you've got other hopes in other areas. If I'm the republicans, I'm thinking very carefully, again, in a non-mandate world, even in the Gail reformed world, you're going to have to have some sort of risk mitigation dynamics where plans are not worried about selected against, and reinsurance is one mechanism to do that.

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I don't see, if you're saying it was an overreach and now we're going to go after it and that sort of thing, but I think that's passed. I think we're looking forward. Paul Ryan says we're looking forward now, we're not looking in the past. I'm worried about a marketplace for the insurers to participate in a world which, by the way, remember the reason why we passed the Affordable Care Act in the first place was we didn't want to have a business model where insurers had to compete on their ability to avoid sick people.

That was the marketplace. They didn't want it either. They wanted to compete on cost and quality and in order to do that, you had to come up with a marketplace with a reinsurance mechanism, risk corridors and many other elements to avoid that problem and so that people who got disproportionately selected against were not excessively harmed. That's what the republicans are going to have to figure out in the marketplace going forward, as they did, by the way, in part D and MA programs.

This is not easy stuff, but its stuff that we know. If you don't address it, you won't have plan participants. If you don't have plan participants, you won't have access to coverage and if they do participate, premiums will be higher and higher and you'll have a selection problem. You've got to think through all these elements as we're thinking about alternatives for what we have.

Gail Wilensky: Whether or not there's a different risk adjustment, mechanism put in, reinsurance, if you guarantee that the losers will get paid, encourages lowballing bids in order to try to gain market share. That is the downside of guaranteeing that you don't pay a cost for lowballing your bids. It is normally, if you had any concern, it would have been for a couple of years and then you're out to try to stabilize the market. A risk adjustment you do, a reinsurance is a whole different thing unless you're talking about very small plans in which case the private reinsurance market is one of the really, really well functioning markets.

Marilyn Serafini: OK, right here, John. OK, let's go Jeff and then up here to John.

Jeff Young: Thank you, Jeff Young with the Huffington Post. Gail, I have a question for you and I hope it doesn't, the question won't make it sound like I wasn't listening to you. I want to kind of investigate one thing further. Fairly early on, you said that you don't believe that in the end, republicans in Congress and the new president will pass anything that simply takes away health insurance from all the people who are getting it through the exchanges and the Medicaid expansion.

Gail Wilensky: Without putting some other mechanism in.

Jeff Young: Right, that as you, I think as you said would cover roughly the same number of people. I'm having a hard time squaring that with what we heard from Dr. Blendon earlier about what the voters who just sent these people back to Washington in Congress and gave Trump the White House say they want. They don't value, as his data showed, they don't care about the uninsured getting coverage. It's not something that bothers them. They don't think the government should be doing it.

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They also believe that Obamacare is evil and must be excised from American society. I don't think I'm being hyperbolic there. At the risk of repeating, I mean look at the polling numbers, they're pretty clear what republicans think of this law. At the risk of repeating myself in the question then I'll stop, I guess I'm skeptical of the notion that republicans in Congress will pay a political price if they kick 20 million people off their health insurance. That's what their voters have explicitly expressed is their desire for them to do.

Gail Wilensky: No, I don't think that is what they expressed, at least that's not how I read Bob Blendon's polling numbers, which was consistent with what I have seen or heard. They put refundable tax credits, which could provide a financial mechanism for people to buy insurance, or Medicaid in a very different mindset than being mandated to buy insurance in an exchange which really ticked off a lot of democrats as well as a lot of republicans by the way as kind of the not right thing to do.

It was why I've reminded people as I've done since 2009, almost nonstop, they could have at least tried Medicare's strategy of saying here are the rules and if you don't in the first year in which its available on a nondiscriminatory basis, you are going to pay a heavy price for a long time, you're going to have to do for the rest of your life. Nobody has ever called what Medicare does, to my knowledge, that Medicare has mandated. I've never heard that term phrased but it is a really heavy duty incentive to go by the coverage.

You could have, and again it's my belief, my say, and also what Senator Wicker who headed the national republican senatorial campaign from Mississippi has said, it's what Kevin McCarthy, the speaker of the house, has said. We are not about to throw 20 million people back into the uninsured category. I think that having a large block of people without any kind of coverage going into the 2018 election would not be regarded as a place that most politicians want to be, even if this isn't a high priority.

The fact is, healthcare was not an important issue period for most people and when it was, it was the price of prescription drugs mostly. It was national security and jobs. That's what they were worried about, but the politics of having to run in two years, if you were to say uninsured are back up by 20 million would be awkward. There are ways either by putting more money into Medicaid and taking away a lot of the constraints on the Medicaid program, what had been waiver requirements could be available as part of a looser run Medicaid program.

You could use refundable tax credits for people who are above some Medicaid general threshold to be required to buy insurance. It's all about what do you have to buy. What are the circumstances in which you buy it? Those details are very important but obviously have not, that I have seen, have not been worked out. I keep hearing and I believe personally, politicians are not going to want to run in 2018 with 20 million more uninsured in the country.

Marilyn Serafini: We have three people who are very desperately trying to get questions in, let's do them as quickly as we can so John, then Sarah Hansard and then right here.

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John Rother: John Rother with the National Coalition, two words that I have not really heard emphasized in this discussion is concern about budget neutrality or the deficit. It seems to me that you can solve these problems if you want to spend money, but if you're worried about keeping deficit under control, this becomes much more difficult tradeoff. The other is the word that Bob emphasized in his polling, where there is consensus on both sides which is prescription drugs and costs. I wonder if you would comment on those two ideas.

Gail Wilensky: During the campaign, the Trump people didn't seem overly concerned about where the deficit was. The House republicans historically have been quite focused, so that's yet to be determined or some balance in between as to how that gets played out. Yes, there is concern about prescription drug pricing. I cannot imagine in my wildest dream or nightmare, giving that agency the power to administratively control prices or what are euphemistically regarded as negotiating, not that Medicare is ever negotiated a price in its 50 plus year existence.

There are other things that you could think to do if we ever get the Cures act passed, providing yet more money for FDA to try to expedite competitive expensive drug products. That seems to make a difference. There are things that can be done but, and it is a concern, but I do not believe there is any likelihood the republican Congress is going to use administered pricing in the Medicare program.

Chris Jennings: Again, I think the president-elect is very concerned about prescription drug prices and he said it repeatedly. Maybe words have no meaning, but I believe that if we continue to have the trend line on prescription drug costs where single source products are priced extraordinarily high at indefensible levels and all drugs are inflated at levels far above inflation, that there will continue to be scrutiny by the purchasers i.e. businesses, plans, now providers, consumer labor, et cetera and if Donald Trump tweets out this is an outrageous outlier, I think there'll be pressure to do something.

Gail Wilensky: There will be pressure to do something, but not it.

Chris Jennings: Its fine that we talk about what it will be, but the idea that this issue goes away or should not or will not be addressed I think is wrong.

Gail Wilensky: It won't go away; it was not just an election issue.

Marilyn Serafini: OK, Sarah.

Sarah Hansard: Sarah Hansard with Bloomberg BNA. Gail, I think this question is for you but Chris, you might know something about it too. I've heard people on the conservative side saying that they believe that the continuous coverage requirement Medicare, that that could go further than the mandate does. The other way to say it is it would cost more so I guess it could be controversial for conservatives, but do you have any information on whether it would be more

costly for somebody under the continuous coverage requirement than it would be to pay the penalty under the individual mandate as now in the ACA.

Gail Wilensky: I think that the Medicare penalty, I'm just going to guess about this, for most people would amount to higher costs because it is forever. You pay a higher fee for every month you delay, so in part it depends on how long you're delayed and how long you live. It has substantial ability to accumulate as a financial fee. The penalty under the Affordable Care Act depends heavily on what your income is, so for low income, low middle income people, it is much less of an issue than if you have somebody who is middle high income and high income.

It is just that when you take several incentives together like I guarantee you that you will never have to pay a higher insurance price no matter how late you delay and how sick you are when you come in, I ask you to cross subsidize the pre-Medicare population compassionate but financially bad strategy. I'm not such a high-income person, you give our young invincibles, most of whom are not high income, a lot of reasons to not come in.

It's been a real problem. Again, the concept of the principle Medicare uses that you are paying a penalty, attempting to approximate the adverse cost you're imposing by delaying until some later point when you buy insurance is really important and its why I think that it can be powerful although I accept as people have told me when I've said that, that younger people are not as risk averse as our seniors, but it's a yes-but. It's a whole different world.

Chris Jennings: Ten seconds, I'll just say that I know of no politician who would have chosen to do the individual requirement or the mandate, if you will, if they were not forced to by the congressional budget office to make it work in the most affordable way, both on the federal side and on the consumer side. That's why Massachusetts chose it as well.

Now, is the Medicare option workable? That to me is everyone's most favorite alternative, it seems to me. If that works, it works and if it doesn't, it doesn't. Again, this is the type of conversation that should take place at the time of the vote of a repeal and where you're replacing it with something that you know what you're voting for.

Marilyn Serafini: I promised one last question, but I have to say we are over our time, so I'm afraid we won't be able to get to it. I'd like to thank Gail and Chris both for this conversation. We're going to take a 10-minute break and then we'll meet back here promptly at 10:05 when Julie Rovner will conduct a discussion with our congressional staff members.