

## INCREASE AFFORDABLE HEALTH PLANS AND ALTERNATIVE FORMS OF COVERAGE

The passage of Obamacare in 2010 established coverage mandates and new requirements for qualified health plans that led to higher costs and decreased choices. From 2011 to 2021, the average premium for family coverage increased 47%, from \$15,073 to \$22,221, while overall inflation was only a cumulative 20.5%. In that same period, the average general deductible for single coverage increased 92%, from \$747 to \$1,434. And in the individual health insurance market, premiums more than doubled between 2013 and 2017 and increased by another 27% in 2018.

As costs have risen, Americans' choices in care and coverage have decreased with the consolidation of healthcare insurance markets. High concentration leads to less competitive markets, and nearly three quarters of markets are now highly concentrated. In 2020, a single insurer's share was at least 50% in nearly half of the markets.

The individual market has also been affected. Before the passage of the Affordable Care Act (ACA) in 2013, 395 insurers sold plans in the individual market in the United States. But by 2022, only 294 insurers offered plans. This 26% reduction shows that consumers do not benefit from as much competition as they did before the ACA was enacted. This means fewer coverage choices, which often results in limited access to preferred providers, premiums above competitive markets, and healthcare provider payments below competitive markets.

The previous administration countered these negative effects with policies to increase choice and competition in America's healthcare system and remove financial penalties for people who choose to opt out of receiving traditional coverage. In December 2017, the

administration eliminated the impact of the individual mandate for Americans by decreasing the individual mandate penalty to \$0. New federal regulations in 2018 and 2019 made options for alternative health benefits coverage widely available, primarily through association health plans and short-term, limited-duration plans (though these rules are in litigation).

Association health plans allow small employers to join together to purchase health insurance and gain the benefits of the large-group market. Access to these plans was increased by creating a new pathway for small businesses, working owners, and sole proprietors. Short-term, limited-duration insurance plans are temporary insurance plans sold by insurance companies that are in effect for a predetermined amount of time. They were made more available by expanding the allowable duration from three months to 12 months with the option for renewal up to three years.

The Trump Administration also allowed states to create a more free and open healthcare market with increased flexibility by issuing guidance for Section 1332 ACA waivers. Fourteen states enacted this approach from 2017 to December 2020, and, as a result, premiums in ACA plans declined in six states. These policies gave flexibility to states and created awareness of additional health benefit options that empower consumers to choose the coverage most appropriate for their individual health needs.

Unfortunately, many of the current administration's policies will lead to fewer choices for Americans through its systematic efforts to expand the role of government. This effort includes rolling back the previous administration's policies that expanded healthcare options to increase access and affordability.

One of the first executive orders President Biden signed after taking office, the “Executive Order on Strengthening Medicaid and the Affordable Care Act,” revoked two key executive orders focused on minimizing the economic burden of ACA and promoting choice and competition.

This action illustrated the stark contrast between the two potential healthcare directions in the United States. The Biden Administration’s healthcare agenda clearly seems to be more focused on increasing government control and bureaucracy than on improving patient access, affordability, and health outcomes.

Federal policies should focus on increasing choice and competition to provide Americans with more affordable health plan options and alternative forms of coverage. One way to accomplish this is to make the Trump Administration’s regulations permanent in federal statutes. The federal government can also empower states to determine which insurance products can be sold. State insurance commissioners can then make locally informed decisions in the best interests of their citizens with a precision that cannot be done with an expansive federal government policy. This would include applying knowledge about local and state demographics and disease burdens to facilitate condition- specific disease coverage options for the most prevalent conditions, such as diabetes, to ensure state residents can access the best care for their healthcare needs.

States also have additional options outside of the ACA’s one-size-fits-all approach. Because states are the primary regulators of health insurance, they can determine which health benefits constitute health insurance, creating pathways to offer coverage outside of the ACA’s strict regulatory framework. Farm Bureaus are an example of member-based, nonprofit organizations that can offer alternative health benefits to members in states that have provided exemptions from state insurance regulations.

## THE FACTS

- ★ Average family premiums increased 47%, from \$15,073 in 2011 to \$22,221 in 2021, after the passage of the ACA.

- ★ In that same period, average general deductibles for single coverage increased by 92%, from \$747 to \$1,434.
- ★ Three-quarters of United States health insurance markets are highly concentrated.
- ★ Premiums for small businesses nearly doubled from 2003 to 2018, from a total cost of \$9,321 for family coverage per worker to \$18,296. From 2003 to 2018, 31% fewer small businesses offered coverage.
- ★ Short-term, limited-duration plan premiums typically cost significantly less than premiums for individual plans bought on the Obamacare exchanges—sometimes almost half the cost.
- ★ The Tennessee Farm Bureau has offered affordable benefits outside of insurance regulated by the state for more than 30 years. Plan premiums are up to 77% lower than other insurance options. Indiana, Iowa, Kansas, South Dakota, and Texas have authorized similar options.

## THE AMERICA FIRST AGENDA

At the federal level, support policies that:

- ★ Allow Americans to purchase any health plan approved by their state insurance commissioners, including catastrophic only.
- ★ Make permanent the Trump Administration’s 2018 “Definition of “Employer” Under Section 3(5) of ERISA- Association Health Plans” regulation that broadened criteria for determinations of when employers may join in a group or association to access the benefits of the large- group insurance markets.
- ★ Make permanent the Trump Administration’s “Short- Term, Limited-Duration Insurance” rule to extend these plans for up to 12-month terms and allow renewal up to three years.

At the state level, support policies that:

- ★ Remove restrictions on the availability or flexibility of short-term, limited-duration insurance plans that limit this option for consumers.
- ★ Broaden association health plan availability to the extent allowed by federal law, and remove any state-level legal barriers.

★ Allow member-based, nonprofit organizations such as Farm Bureaus to offer alternative health benefits

to members that are exempted from state insurance regulations.

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