American College of Physicians Statement
United States Senate Committee on Finance Hearing
Health Insurance Coverage in America: Current and Future Role of Federal Programs
October 20, 2021

The American College of Physicians would like to thank Chairman Wyden and Ranking Member Crapo for the opportunity to share our views concerning the hearing in the Senate Finance Committee on Health Insurance Coverage in America: Current and Future Role of Federal Programs. ACP has been a longstanding advocate for a health system that provides universal coverage to all Americans and last year, we released an ambitious New Vision for Health Care that provides a series of recommendations to achieve universal coverage along with reforms to support team-based care and reduce discrimination and disparities in health care. Our statement will provide the Senate Finance Committee with an overview of how Congress may build upon gains in coverage since the passage of the Affordable Care Act (ACA), urge for passage of policies to expand health coverage in H.R. 5376, the Build Back Better Act, as well as provide a pathway for Congress to ensure universal coverage for all Americans.

The American College of Physicians is the largest medical specialty organization and the second largest physician membership society in the United States. ACP members include 161,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge, clinical expertise, and compassion to the preventive, diagnostic, and therapeutic care of adults across the spectrum from health to complex illness. Internal medicine specialists treat many of the patients at greatest risk from COVID-19, including the elderly and patients with pre-existing conditions like diabetes, heart disease and asthma.

Every day, internal medicine physicians see the financial and access-related barriers their uninsured patients face. Uninsured Americans are far less likely to have a regular source of care or to have recently seen a physician. They are more likely to delay seeking care, even when ill or injured, and more likely to report unmet medical needs and are more often hospitalized for illness or disease.

The American College of Physicians (ACP) has long endorsed policies to achieve universal health insurance coverage and supported passage of the ACA in 2010. The ACP has since offered recommendations on how to improve the law and has strongly opposed its repeal. The ACA has extended comprehensive health insurance coverage to millions of people, but many remain uninsured or underinsured. In 2016, the uninsured rate reached a historic low of 8.8%, with Medicaid expansion states experiencing the deepest reductions.

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According to data released last year by the Kaiser Family Foundation, while we have made significant gains in reducing the rate of uninsured in this country since the passage of the Affordable Care Act, the country is now trending in the wrong direction. "Beginning in 2017, the number of uninsured nonelderly Americans increased for three straight years, growing by 2.2 million from 26.7 million in 2016 to 28.9 million in 2019, and the uninsured rate increased from 10.0% in 2016 to 10.9% in 2019." The most recent data from the Kaiser Family Foundation shows that "in 2020, 27.4 million nonelderly people were uninsured, and the uninsured rates was 10.2%," a slightly lower rate than in 2019 but higher than in 2016.

ACP Supports the Expansion of the ACA's Premium Tax Credits
We are pleased that Congress has already enacted *the American Rescue Plan Act (ARPA),* which expanded eligibility for and the amount of the ACA's premium tax credits to purchase health insurance marketplace-based coverage, as well as created incentives for states to expand Medicaid eligibility.

According to a report released by the Department of Health and Human Services, based on enrollment data from late 2020 and early 2021, **"approximately 31 million people were enrolled in the marketplace or Medicaid expansion coverage related to provisions of the ACA, the highest total on record."** We know that a significant number of individuals experienced a job loss during the COVID-19 pandemic and the ACA marketplace and Medicaid provided a safe haven for individuals to obtain health care coverage regardless of their employment status.

ACP Supports Efforts to Improve Affordability and Expand Access to Health Coverage
ACP supports provisions in **H.R. 5376, the Build Back Better Act (BBBA**) to improve the affordability and access to health insurance coverage offered through the ACA marketplace. The BBBA provides temporary enhanced ACA Marketplace cost-sharing reduction assistance to individuals with household incomes below 138 percent of the federal poverty level (FPL) for calendar years (CY) 2022 through 2025 and specifies that individuals with household incomes below 138 percent of the FPL with access to employer-sponsored coverage or a qualified small employer health reimbursement arrangement can still receive credits. ACA cost-sharing reduction assistance is provided to individuals receiving unemployment compensation for CY 2022 through 2025.

The legislation also continues expanded eligibility created by ARPA through financial subsidies for health coverage purchased through the health insurance marketplace. Enrollees who make over 400 percent of the FPL would become eligible for subsidies and have their premium costs capped at 8.5 of income for three more years. ACP fully supports policies to eliminate the 400 percent FPL premium tax credit eligibility cap and to enhance the premium tax credit for all levels. The premium tax credit and cost-sharing subsidies have made non-group coverage more affordable. A recent report published in Health Affairs found "the median premium [for a lowest-cost bronze plan] for families with incomes of 401-600 percent of poverty increased from 7.7 percent of income in 2015 to 11.3 percent in 2019." Families with incomes in this range will face substantial premium increases if financial subsidies are not made permanent." While the ACA has extended comprehensive coverage to millions of people, many remain

uninsured or underinsured. This extension will help many of these uninsured and underinsured low- to middle-income Americans achieve health care coverage. We further believe that these premium tax reforms should be extended permanently.

ACP is supportive of these provisions in the BBBA and in our paper Improving the Patient Protection and Affordable Care Act Insurance Coverage Provisions, we recommend the eligibility requirements for ACA premium tax credits and cost sharing should be redesigned to enhance individual market insurance affordability. Specifically, the 400% federal poverty level premium tax credit eligibility cap should be eliminated, and the amount of premium tax credits for all income levels should be enhanced. Additionally, ACP supports policies to fix the "family glitch" so that families unable to afford employer-sponsored coverage can access premium tax credits to purchase marketplace coverage.

ACP supports the Health Insurance Affordability Fund within the BBBA
ACP supports a provision in BBBA that establishes a health insurance affordability fund, with $10 billion made available annually for states to establish a state reinsurance program or use the funds to provide financial assistance to reduce out-of-pocket costs. H.R. 5376 requires the Centers for Medicare and Medicaid Services (CMS) to establish and implement a reinsurance program in states that do not apply for federal funding.

Improve Healthcare Coverage in States that have not Expanded Medicaid
ACP has long supported the Medicaid program as vital in the effort to ensure that this nation's most vulnerable population has access to health coverage. ACP's advocacy has focused on protecting the Medicaid program, including encouraging states to expand eligibility; opposing efforts by federal lawmakers to cut or cap program funding; and standing against mandatory work requirements, excessive premiums and cost-sharing, and cuts to benefits.
H.R. 5376 provides ACA insurance subsidies to nearly four million low- to moderate-income Americans living in 12 states that did not take advantage of incentives to expand Medicaid under the ACA. These individuals residing in the "coverage gap" earn too much to qualify for traditional Medicaid, but not enough to qualify for premium tax credits and cost-sharing reductions for marketplace-based coverage. The legislation provides individuals with $0 premiums, thus making health care affordable and accessible.

Improve Medicaid Payment Rates for Primary Care Services
Medicaid enrollment has increased by more than 8 percent over the past year, as a result of pandemic-related job and income loss, making the demand for primary care and pediatric clinicians in the Medicaid program more acute than ever. At the same time, physician practices have faced financial challenges due to decreased visit volume and increased expenses such as personal protective equipment, technology to provide telehealth, and infrastructure to administer COVID-19 tests and vaccines. Physician practices that accept large numbers of Medicaid patients face further challenges. The low payment rate for Medicaid services, compared with that of Medicare or private payers, is exacerbating their financial instability. In Medicaid, on average, a clinician treating a Medicaid enrollee is paid about two-thirds of what Medicare pays for the same services and only half of what is paid by private insurance plans. A

MACPAC report shows that Medicaid reimbursement rates are associated with physicians' acceptance of new Medicaid patients.

As Congress continues negotiations on a final reconciliation package known as the Build Back Better Act, we urge the Finance Committee to include the following provision to improve Medicaid payment rates for primary care physicians:

- H.R. 1025*, the Kids Access to Primary Care Act of 2021/*S. 1833, *Ensuring Access to Primary Care for Women & Children Act*, would ensure that Medicaid payment rates for primary care services are equal to Medicare rates. The Affordable Care Act (ACA) included a provision that required states to raise Medicaid payment rates for primary care services equal to Medicare rates in 2013 and 2014 but this provision expired after those two years and was not renewed by Congress.

Children's Health Insurance Program (CHIP) Extension

ACP has been a staunch supporter of CHIP over the years and has advocated for a long-term extension of funding for the program. Under the BBBA, CHIP is permanently authorized to provide states the option to increase Medicaid and CHIP eligibility levels for children up to 300 percent of FPL without receiving a waiver. It authorizes permanent funding for CHIP. The legislation also provides permanent funding for several programs related to CHIP, including the pediatric quality measures program and the child enrollment contingency fund, to provide states with additional funding in the event its CHIP allotment is insufficient. It ensures that all CHIP programs can receive low-cost prescription drugs.

Lower the Cost of Prescription Drugs

We are pleased that the ACA has increased access to prescription drugs as it requires health plans to include prescription drug coverage as an essential benefit. The ACA has also lowered the cost of prescription drugs for seniors enrolled in Medicare Part D drug plans by eliminating the coverage gap or "donut hole" in their drug coverage. The coverage gap required seniors to pay the full cost of their prescription drugs until their out-of-pocket spending reached the catastrophic phase of coverage. Despite these achievements, the cost of prescription drugs continues to increase particularly for patients as they struggle to afford basic and life-saving medications prescribed by their physicians to treat diseases and chronic conditions.

For many years, ACP has continued to express concern over the rising cost of prescription drugs, particularly for patients as they struggle to afford basic and life-saving medications prescribed by their physicians to treat diseases and chronic conditions. Now, with the ongoing COVID-19 pandemic, patients are even more concerned about whether they can afford their medications and even whether they will have health coverage in general should they unexpectedly lose their job because of the pandemic. In a May 2020 study by Gallup, "nearly nine in 10 U.S. adults are very (55 percent) or somewhat (33 percent) concerned that the pharmaceutical industry will leverage the COVID-19 pandemic to raise drug prices

ACP has longstanding policy supporting the ability of Medicare to leverage its purchasing power and directly negotiate with manufacturers for drug prices. We supported a provision in H.R. 3,

the *Elijah E. Cummings Lower Drug Costs Now Act*, that would mandate that the Secretary of Health and Human Services (HHS) identify 250 brand name drugs that lack competition in the marketplace and that account for the greatest cost to Medicare and the U.S. health system and then negotiate directly with drug manufacturers to establish a maximum fair price for a bare minimum of 25 of those drugs. In a 2019 estimate by the Congressional Budget Office, projections indicated that $456 billion in savings over 10 years would be realized by allowing Medicare to directly negotiate prescription drug prices with manufacturers.

We understand that Congress is currently working on a compromise concerning a provision to lower prescription drug prices in BBBA that does not incorporate all of the components of H.R. 3 but would allow the Secretary of HHS to establish a drug negotiation program within Medicare on a more limited set of prescription drugs including insulin. ACP supports the adoption of Medicare Part D negotiation models that will drive down the price of prescription drugs for beneficiaries. **While ACP reaffirms its support for a full repeal of the noninterference clause, ACP is also supportive of an interim approach, such as allowing the Secretary of Health and Human Services (HHS) to negotiate for a limited set of high-cost or sole-source drugs.**

ACP Supports Funding for Navigators to Assist in ACA Enrollment

We are pleased that in June of this year, the Biden Administration announced that it was allocating $80 million for navigators to assist consumers in ACA enrollment. Millions of persons are eligible for public insurance or subsidized marketplace insurance but remain uninsured, which may partially be the result of a lack of awareness about the availability of affordable coverage options and confusion about the status of the ACA. Persons who receive enrollment assistance from a Navigator or other application helper are more likely to obtain coverage than those who do not; therefore, Navigator grants and other outreach and educational initiatives need sustained, sufficient funding to carry out their mission of reducing confusion and expanding understanding of what the law has to offer.

ACP Provides New Vison for Health Care

Since this hearing examines the current and **future** role of federal programs and their impact on health insurance coverage in America, we would like to provide the Committee with some of our recommendations included in the Better is Possible: ACP's Vision for the U.S. Health Care System project, which examines ways to achieve universal coverage with improved access to care and reduce per capita health care costs. In developing its new vision for health care, ACP focused on 4 questions: **Why do so many Americans lack coverage for the care they need? Why is U.S. health care so expensive and therefore unaffordable for many? What barriers to health care, in addition to coverage and cost, do patients face? How do delivery and physician payment systems affect costs, access, quality, and equity?**

We attempt to answer these questions in a series of public policy papers concerning the following topics.

- Coverage and Cost of Care, where ACP recommends transitioning to a system that achieves universal coverage with essential benefits and lower administrative costs through two potential approaches;
- Health Care Delivery and Payment, ACP recommends that health care delivery and payment be redesigned to support physician-led, team-based care delivery models in providing effective, patient-and-family centered care;
- Reducing Barriers to Care, ACP calls for ending discrimination and disparities in access and care based on personal characteristics, correcting workforce shortages including the under-supply of primary care physicians, and understanding and ameliorating social determinants of health.

As the Senate Finance Committee examines policies to expand coverage to the uninsured, all of these questions should be addressed as they are inter-connected and impact access to affordable health insurance for all Americans. Our paper concerning the Coverage and Cost of Care provides a series of recommendations to achieve universal coverage including:

- The United States should move to a universal coverage system that provides medical care regardless of a person's place of residence, employment, health status or income.

- A government-funded single-payer approach is one feasible strategy to reach universal coverage. This approach could provide a variety of benefits, the policy paper says, although "adopting a single-payer system would be highly disruptive and could lead to price controls that would perpetuate flaws in the current Medicare payment system, including the undervaluation of primary care."

- A public choice model, also known as a "public option," is another feasible strategy to attain universal coverage. Under the public choice model everyone would be able to choose between a private insurance plans or a new government-backed public plan, both of which would be required to meet a new set of requirements for coverage. However, ACP acknowledges that "public option proposals also have noteworthy disadvantages," such as complexities that could require price controls that undervalue primary care.

- Any universal health coverage system must provide essential benefits and emphasize high-value care, preferably based on recommendations from an independent expert panel that includes the public, physicians, economists, health services researchers and others.

- Cost sharing must not undermine access to evidence-based, high-value and essential care, particularly for low-income patients and patients with certain defined chronic diseases and catastrophic illnesses. In general, cost sharing should be income-adjusted through a subsidy mechanism and subject to annual and lifetime out-of-pocket limits. In a public choice model, premiums should be income-adjusted and capped at a percentage of annual income.

- Medical payments must be sufficient to ensure access to necessary care – including primary care – and expand beyond current Medicare rates, which are insufficient.

- Any universal health coverage system must include an automatic and mandatory enrollment mechanism, and it must provide relief from burdensome administrative requirements.

- Funding for either a single-payer or public option model should come from sources such as government spending, employer contributions, progressive taxes on income, tobacco and alcohol excise taxes, value-based cost sharing, reallocation of savings from reduced spending on administration, and system-wide savings and efficiencies.

- Special health care programs for populations such as veterans and Native Americans should continue.

If these recommendations were put in place, "patients would see dramatic differences. First and foremost, all would have access to affordable coverage with a package of essential benefits, without concerns for preexisting conditions or unaffordable out-of-pocket costs. Additionally, they would not face surprise billing or the inability to afford prescription medications, diagnostic tests, or medical/surgical procedures. Major illness would no longer produce bankruptcy due to gaps in insurance coverage." In our proposed system, primary care physicians would work in a health care system where primary care is supported with a greater investment of resources and where payment levels between complex cognitive care and procedural care are equitable. They would also see a system where patients and physicians are freed of inefficient administrative and billing tasks, documentation requirements are simplified, and payments and charges are more transparent and predictable."

The ACP believes that our recommendations, if adopted, would address many shortcomings in U.S. health care, but acknowledges that the recommendations do not address every area of needed improvement. In some cases, more research is needed for effective policy development. Because both are needed, the recommendations aim to balance the imperative for transformational changes with improvements in the current system.

Conclusion

We look forward to working with the Senate Finance Committee to approve and develop policies to close gaps in health insurance as well as improve the affordability of coverage public and private plans. The Build Back Better Act, H.R. 5376 provides the best opportunity in over a decade to increase access to health insurance and we urge Congress to seize this opportunity and approve policies in to expand affordable coverage without delay. Should you have any questions regarding our statement, please do not hesitate to contact Brian Buckley at bbuckley@acponline.org.