



# ELECTION 2020: SIIA CALL TO ACTION

## SIIA PROVIDES POLICY STRATEGY, ANALYSIS AND ENGAGEMENT UPDATE

### STRENGTHEN, EDUCATE, ENGAGE, DEFEND

**A**s we enter the 117th Congress under a Democrat majority and President Biden begins his first 100 days in office, the Self-Insurance Institute of America, Inc. (SIIA) is taking this opportunity to provide initial analysis of what this new political dynamic will mean for health care policy generally, and how those positions may impact the self-insurance industry specifically.

Through a number of federal elections and majority party changes, SIIA has maintained a steady course in changing times, strengthening advocacy activities and lending a strong voice to protect the industry when it was needed most.

In 2021 and beyond, SIIA is in a better position than ever to be a vocal and active advocate on behalf of the self-insurance industry in Washington, D.C. through established relationships with policymakers, ongoing engagement, and the wherewithal to build relationships in a constantly changing political environment.

While SIIA is already engaging with policymakers and implementing a carefully crafted advocacy strategy, SIIA members also have a number of ways to advocate and to become involved themselves. Talking to and educating policymakers, engaging employer clients, and supporting SIIA with resources and time are just a few possibilities to help increase political and policy impact.

In addition, SIIA's government relations team will be updating members on policy impacts and perspectives as part of the ongoing monthly Advocacy in Action webinar series, sponsored by Tokio Marine HCC Stop-Loss. Mark your calendars to attend the monthly webinar the second Tuesday of every month and watch your inbox for more details.



In addition to the webinar series, SIIA is launching a focused self-insured employer narrative campaign designed to ensure that a prioritized group of members of Congress understand the importance of self-insurance to employer constituents in their states and districts.

Lastly, SIIA will continue to provide up to date and insightful analysis on critical policy areas to your business and clients. In a change from the last 4 years, Congress and the White House will have a single party structure, meaning that the self-insurance industry will face a number of concerning policy proposals and, perhaps, direct threats. These potential policy threats include:

- Advancement of a public-option health plan;
- Medicare expansion;
- ACA interpretive changes/ employee opt-out of employer plans; and

- Insurance regulation, mandates, taxes on self-insured plans.

The adverse impacts of these potential changes mean that creating a bulwark, including increased involvement by SIIA members, is needed more than ever to continue to strengthen and protect the industry.

## SENATE SHAKE-UP

In the biggest political shakeup of the election, Democrats have now found themselves taking back the majority in the U.S. Senate with critical and narrow wins by Joe Ossoff and Raphael Warnock in Georgia.

This will drastically change the political trajectory of Washington until the 2022 mid-term elections. However, it is important to note that with Senate control tied at 50-50, Vice President- Kamala Harris will be the key tie-breaking vote.

That single vote majority with the Vice President does not mean a political referendum, but an extremely narrow path for Democrats, perhaps the narrowest in US history.

This means that Democrats in both the House and Senate will need to govern carefully and not be able to fully press their entire policy agenda.

While House Democrats may try to pass major health care policy changes that will not garner 60 votes in the Senate, the Democratic House and Senate will attempt to work together to pass other health care changes ranging from requiring free coverage for COVID “treatment” to allowing the government to negotiate drug prices.

With such a narrow majority, individual Senators will wield incredible power as a single vote will be crucial. Any one Senator can deliver a victory or a loss to leadership in an institution where many do not vote party-line at all times.

## SIIA POLICY ANALYSIS: POTENTIAL HEALTH CARE POLICY CHANGES

Despite a Democratic majority, such a tight margin in both the House and Senate, makes it unlikely that Congress will pursue Medicare-for-All, particularly because President Biden campaigned against such a disruptive change to our health care system.

Instead, we expect that the Biden Health Care Plan (‘the Plan’) will be back on the table for consideration. As discussed more fully below, many of the proposals

included in the Biden Plan are intended to “improve” the ACA.

For example, the Plan calls for expanding access to the ACA’s premium subsidies currently available to low- and middle-income individuals and families purchasing an individual market plan through an ACA Exchange.

In particular, the Plan would allow any individual at any income level to access an even more generous premium subsidy than under current law, irrespective of whether this individual is offered an employer health plan that is considered an affordable/minimum value plan.



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Below is a summary analysis of specific components of the Biden Health Care Plan that could impact the self-insured industry.

## **INCREASED PREMIUM SUBSIDIES/ELIMINATION OF THE EMPLOYER FIREWALL**

- Biden's proposal could eliminate the employer "firewall," moving more employees to the ACA's individual market.
- Larger ACA premium subsidies could increase the appeal of enrolling in a government-subsidized plan among low- and middle-income employees, including younger/healthier employees.
- The result of Biden's Plan: An employee at any income level would be allowed to (1) opt-out of their employer plan, (2) purchase individual market plan through an ACA Exchange, and (3) qualify for a more generous government subsidy irrespective of an employer plan offering.

## **PUBLIC OPTION HEALTH PLAN**

- The Biden Plan would allow employees to "buy into" a public option plan, having a significant impact on the employer-sponsored health system as more employees (1) opt-out of employer plans and (2) "buy into" the public

option plan with a generous government subsidy.

- Even if a public option is not available to those with an employer plan, the public option would increase the current cost-shift between public-subsidized health programs and private-employer-sponsored health plans.
- Reimbursing hospitals and providers at lower rates would only exacerbate the current cost-shift, resulting in increased costs for employers, and creating perverse incentives to move towards a Medicare for All-type system.

## **ALLOW MEDICARE "BUY-IN" (60-64 YEAR OLD'S)**

- The Biden Plan could allow employees between the ages of 60 and 64 to enroll in a Medicare "Buy In" Program, thereby allowing older employees to leave the employer risk pool.
  - This proposal may add to the current cost-shift, and reduce health care utilization and overall cost to the employer sponsor.
  - However, a Biden Administration may seek to claw-back a portion of savings through an "employer tax."



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## IMPLEMENTING LEGISLATIVE CHANGES: RECONCILIATION

While eliminating the Senate filibuster is uncertain due to moderate Democrats like Sen. Joe Manchin (D-WV) already opposing such a move, Democrats do have an oft-used procedural tool at their disposal to push through a vast number of policy changes, including healthcare, through a legislative vehicle known as reconciliation.

This procedure has been used in the past to push forward major policy initiatives without the need to gain a super majority in the Senate, a majority Democrats know they will not be able to garner votes for.

In the past, Republicans have successfully used reconciliation to enact Tax Reform (2017) and Senate Democrats used the reconciliation process to enact the ACA (2010). With Democrats controlling both the White House and Congress, they could very well use the reconciliation process to enact broad changes to the ACA and healthcare in general.

However, it is important to note that the reconciliation process can only include provisions that impact revenue (i.e., taxes) and spending.

With this in mind, programs such as Medicare, which includes payroll taxes for revenue and government spending that would be germane to a reconciliation package, and certainly a Medicare-like public option, would fit into that category.

Similarly, a potential public option in the individual market would likely include tax increases and government spending, also making it germane in this process, as would increasing the ACA premium subsidy amounts and expanding eligibility to access these subsidies.

## SIIA CONGRESSIONAL ADVOCACY & POLICYMAKER ENGAGEMENT

To maximize impact and engagement throughout 2021, SIIA plans to focus on federal policymakers in a handful of key states that will make a difference in both national politics and on jurisdictional committees in the Senate.

While continuing to maintain relationships with House leadership and key members on the House Ways & Means, Education & Labor and Energy & Commerce Committees, the main focus will be in the U.S. Senate, including the Committees on Finance and HELP.

In addition, SIIA will leverage advocacy activity along with political coordination through the Self-Insurance Industry Political Action Committee, or SIPAC.

The SIIA Government Relations Team continues to focus time and resources to partner with SIIA members, as well as current Hill relationships, to engage moderates and members of jurisdictional committees on an ongoing basis.

In addition, SIIA will continue to advocate through virtual Hill and congressional town hall meetings, as well as local meetings in states and districts.

Initial State/ Senate priorities include:

- Arizona
- Georgia
- Idaho
- Minnesota
- Montana
- Nevada
- North Carolina
- Nevada
- New Hampshire
- Ohio
- Oregon
- Pennsylvania
- Texas
- Virginia
- Washington

## INVOLVEMENT & NEXT-STEPS

For more information on SIIA Government Relations activities, if you have policy questions, and to find out what you can do to support the Self-Insured Employer Narrative Campaign, please email Dakota Jackson at [DJackson@siia.org](mailto:DJackson@siia.org). ■