

FREQUENTLY ASKED QUESTIONS (FAQS)

Q DO YOU HAVE PLANS TO ADDRESS OTHER HEALTH CARE ISSUES NOT COVERED IN THIS REPORT?

A Yes. As we mention in the introduction of the report, this is simply phase one of the RSC Health Care Plan and we expect to release a second report with additional policy details at a later date. Our second report will look specifically at additional policies that will help bend the cost curve on health care. This could include things like health care transparency reform and policies that will lead to thriving competition in the marketplace.

In addition, we understand that the development of innovative healthcare technology has the potential to strengthen the delivery, cost, and outcomes in the America's health care system. To facilitate the development and adoption of new innovative technology, our next report will propose a regulatory environment that invites solutions designed to better assess, monitor, and treat patients. Having any conversation about the future of healthcare in the United States needs to address how technology will play a vital role.

Q HOW DOES THE RSC PLAN PROVIDE PROTECTIONS FOR INDIVIDUALS WITH PRE-EXISTING CONDITIONS?

A The RSC plan is premised on the idea that protecting people with pre-existing conditions is more than just guaranteeing an insurance plan. The RSC plan would provide protections to people with pre-existing conditions and also focus on access to affordability and quality of care.

The RSC takes a holistic approach to neutralizing the issue of pre-existing conditions. It is designed to: 1) provide more affordable insurance options so that people can more easily access a plan they like; 2) enhance the portability of insurance to avoid gaps in coverage by providing guaranteed coverage protections and equal tax benefits in the employer and individual marketplaces; 3) provide states with federal funds and flexibility to establish Guaranteed Coverage Pools that would provide coverage to and effectively lower the medical costs of people with pre-existing conditions; and 4) provide states with "flex-grants" to assist them in providing their low-income populations, including those with pre-existing conditions, with access to insurance coverage. Moreover, the RSC plan would allow states to expand upon these reforms to further enhance individual marketplace rules and increase Guaranteed Coverage Pool availability.

The ACA actually compounded the issue of pre-existing conditions by reducing the incentive for people to obtain coverage prior to getting sick. This resulted in the doubling of health care premiums nationwide between 2013 and 2017 alone, and has raised deductibles so high that insurance has effectively become useless for many Americans. For instance, Bronze plan deductibles for 2019 are around \$6,000 on average, an insurmountable obstacle to care for many, especially for those with pre-existing conditions.

The RSC plan would also codify the Department of Labor's recently blocked Association Health Plan (AHP) rule, that allows employers and self-employed individuals in the "same line of business" or in a common area to pool together for purposes of providing participants with pre-existing condition protections applicable to employer-sponsored plans.

Q UNDER THE RSC PLAN, HOW WOULD PREMIUM AND DEDUCTIBLE COSTS BE REDUCED?

A By allowing a greater array of tailored insurance options, continuity of coverage incentives, and federally funded, state administered Guaranteed Benefits Pools, under the RSC plan, individuals and families could expect reductions to both premiums and deductibles.

Additionally, the RSC plan would increase affordable health insurance options in the individual marketplace, and thus attract a healthier pool of people to purchase health insurance. Those participants in the market will further decrease overall costs for everyone.

Federal Guaranteed Coverage Pool funding would also assist states in providing affordable coverage to people with pre-existing conditions. The RSC plan's flex-grants would give states funding to reduce the premiums of low-income populations and provide them with access to insurance coverage.

The RSC plan would allow people to pay for their premiums with tax-free dollars, the same tax treatment afforded to insurance provided by employers. Equalizing tax treatment will also pave the way for individuals to negotiate higher pay and have the ability to pursue more affordable, personalized plans on the individual marketplace. Employees could also push for funds that would have been gone toward an excessive employer-sponsored insurance (ESI) plan to be placed in-full into their Health Savings Account (HSA), purchase their own affordable plan, and save the remainder tax free for future medical needs. Greater control and personalization of health insurance will help combat the issue of health care overutilization in the United States.

The RSC plan also incorporates proposals to facilitate innovation in health care delivery and insurance models. For instance, it would make Direct Primary Care payments, Health Care Sharing Ministry fees, Health Status Insurance, and premiums for Short-term, Limited-duration plans all eligible, tax-free HSA expenses. The RSC plan would also remove regulatory restrictions impeding the use of telemedicine and similar emerging technologies that increase health care access and efficiency.

Q HOW IS THE RSC PLAN'S APPROACH TO EXPANDING PRIVATE INSURANCE DIFFERENT FROM THE AFFORDABLE CARE ACT?

A Despite its intentions, the Affordable Care Act (ACA) has actually reduced the incentive for people to purchase health insurance. While the ACA legally required Americans to obtain insurance, millions simply opted to pay the mandate's penalty rather than purchase a plan featuring skyrocketing premiums, cost-prohibitive deductibles, and a lower quality of care. The approach of the ACA has resulted in continually increasing costs and reduced access to health care.

The RSC plan is specifically designed to do the opposite. The proposals here would increase access to more affordable and useful insurance options, make health insurance more portable, reward individuals who have maintained continuous coverage, and provide protections for people with pre-existing conditions.

Q WOULD THE RSC PLAN PROVIDE SUBSIDIES TO HELP PEOPLE PAY FOR THEIR HEALTH INSURANCE?

A Yes, the RSC plan would provide funding to states to directly subsidize the health care costs of people with pre-existing conditions and people who are low-income. The RSC plan's flex-grants would give states the ability to provide their low-income citizens with access to affordable care in a way that best fits the needs of their state. For instance, states could use flex-grant funding for subsidizing the purchase of private health insurance and alternative care delivery mechanisms, increasing overall insurance coverage, and reducing the premiums of Guaranteed Coverage Pool plans.

The RSC plan's Guaranteed Coverage Pool funding would provide states with resources to directly subsidize the medical costs of individuals with pre-existing conditions and ensure that even those individuals who developed a condition without having insurance have a pathway to gaining coverage of their condition.

Additionally, the RSC plan would reduce the overall cost of health insurance in the individual marketplace to make insurance more affordable for all, even without the benefit of federal subsidy money. Individuals would also be able to pay for their health insurance premiums in the individual marketplace tax-free under the RSC plan.

Q HOW WOULD THE RSC PLAN EXPAND HEALTH SAVINGS ACCOUNTS?

A First and foremost, the RSC plan would increase the HSA contribution limit in order to give Americans greater control over their health care dollars. Under current law for 2019, \$3,500 may be contributed to HSAs for an individual, and \$7,000 for families. According to the Kaiser Family Foundation, the average annual family premium per enrolled employee for employer-based health insurance in 2017 was \$18,687. The RSC plan would dramatically raise HSA contribution limits to \$9,000 per individual and \$18,000 for families.

Critically, under the RSC plan, individuals would be able to pay for their premiums with pre-tax dollars from their HSAs. This would allow for individuals to effectively own their personalized health care plans so they can take their plan from job to job, enhancing portability. Additionally, similar to allowing HSAs to pay for insurance premiums, the RSC plan would make Direct Primary Care payments, Health Care Sharing Ministry fees, Health Status Insurance, and premiums for Short-term, Limited-duration plans all eligible, tax-free HSA expenses.

The RSC plan would also greatly expand the usefulness of HSAs in a number of other ways. It would allow working seniors, or anyone on Medicare, to have an HSA and continue to contribute to it. Individuals enrolled in other public health insurance programs, such as those with Tricare, Veterans Administration, or Indian Health Service benefits, would also be able to contribute to an HSA. The RSC plan would allow people to contribute to an HSA even if they or their spouse have a health Flexible Savings Accounts (FSAs). Furthermore, FSA and Health Reimbursement Account (HRA) balances could be converted into an HSA, and FSAs could be rolled over year to year at the employee's discretion. The plan would allow individuals to have an HSA and retain access to retail or onsite medical clinics, chronic disease management services, or telemedicine that is provided at no cost. Spouses who are HSA-eligible and age 55 or older could deposit their catch-up contributions into one HSA account. It would allow HSAs, HRAs, and FSAs to pay for FDA-approved over-the-counter medicines without a prescription, but not for homeopathic products, dietary supplements, or fitness equipment. Lastly, HSA funds would be protected in bankruptcy proceedings.

Q UNDER THE RSC PLAN, IF I AM INSURED, COULD MY INSURANCE BE CANCELLED BECAUSE I CONTRACT A SERIOUS DISEASE?

A Under the RSC plan, in no event could your insurance be cancelled by a carrier simply because you develop a condition after enrollment.

Q UNDER THE RSC PLAN, IF I AM INSURED, COULD MY INSURANCE COMPANY RAISE MY INSURANCE PREMIUMS BECAUSE I CONTRACT A SERIOUS DISEASE?

A Under the RSC plan, your insurance carrier could not raise your premiums simply because you develop a condition after enrollment.

Q HOW WOULD THE RSC PLAN GIVE AMERICANS ACCESS TO MORE PERSONALIZED HEALTH CARE PLANS?

A Americans will be able to obtain personalized health care plans in the individual market that fit their needs.

Under the status quo, individuals are forced to pay for health benefits they do not need or wish to have. This one-size-fits all approach contributes to the high cost of ACA plans. Consequently, many forgo insurance because the ACA has made insurance unaffordable.

Under the RSC plan, Americans would also be able to utilize Health Savings Accounts to pay for the premiums of their personalized plans on the individual market tax-free. Increased contribution limits under the RSC plan would better enable people to save for their future health care needs. Additionally, by equalizing the tax treatment between the individual and employer markets, people could more easily maintain personalized coverage as they move between jobs. This notion of portability is a core feature of the RSC plan.

Q WOULD THE RSC PLAN MAKE ANY CHANGES TO MEDICARE?

A The RSC plan would make no changes to Medicare except to facilitate use of telemedicine for the convenience of seniors' care. Indeed, this plan would further protect seniors' access to Medicare by combatting recent efforts to either maintain the status quo or implement a massive, nationwide, one-size-fits all, government-run health care system. Such a system would lead inevitably to increased taxes for seniors, potentially rationed care, and longer wait times for medical treatment.

Additionally, the RSC plan would allow working seniors, or anyone on Medicare, to have a Health Savings Account and continue to contribute to it.

Q : WOULD THE RSC PLAN PLACE A MANDATE ON INDIVIDUALS TO PURCHASE HEALTH INSURANCE?

A Contrary to the design of the ACA, the RSC plan includes no mandate for individuals to purchase health insurance and imposes no penalty if an individual chooses to forgo coverage. However, the RSC plan will lead to more affordable insurance options, provide tax equality between the employer and individual marketplaces, and incentivize individuals to purchase health insurance and maintain continuous coverage.

Q WHAT DOES THE RSC PLAN MEAN FOR PEOPLE CURRENTLY ON MEDICAID?

A The RSC plan would reform Medicaid to prioritize funding for America's vulnerable populations while also providing states with flex-grants to provide health care to their low-income citizens.

Under the RSC plan, vulnerable recipients would receive their benefits from a dedicated and separate funding stream and no longer receive lower priority than able-bodied adults. The RSC plan will help reduce fraud and abuse and ensure that the Medicaid program remains solvent and preserved for those who have legitimate needs.

Q HOW WOULD THE RSC PLAN AFFECT INSURANCE I OBTAIN THROUGH MY EMPLOYER?

A The RSC plan maintains the current law's pre-existing condition protections for employer-sponsored insurance, including prohibitions on denying an employee with a pre-existing condition coverage, excluding their condition from coverage for any length of time, or charging them more for having a pre-existing condition. Additionally, the RSC plan would fully maintain the current law's exclusion of employer-sponsored insurance from taxation.

Under the RSC plan, employers would be allowed to offer HSAs to their employees whether or not those employees are provided with a high-deductible health insurance plan. Employees would be able to receive larger sums of tax-free money in HSAs under the RSC plan. It would more than double HSA contribution limits to \$9,000 per individual and \$18,000 per family. Additionally, the RSC plan would also expand HSAs so that they could be used for a number of health services and products that currently must be paid for with after-tax dollars.

The RSC plan would remove the ACA's employer mandate which has hurt Americans, particularly low-wage Americans, by reducing their job prospects. The mandate has forced small businesses to make painful hiring and employment decisions to avoid breaching the mandate's 50 full-time employees threshold, after which they would have to pay for their employees' health insurance. The left-leaning Urban Institute has even admitted that "[e]liminating it will remove labor market distortions that have troubled employer groups, and which would harm some workers."

Q DOES THE RSC PLAN ELIMINATE THE HEALTH CARE INSURANCE EXCHANGES?

A The RSC plan does not make a recommendation as to whether or not the ACA exchanges should be eliminated. However, if the reforms recommended by the RSC plan were adopted, the exchanges would serve as little more than an online forum for offering insurance plans.