



The Health Care Improvement Act of 2021

Background and Need for Legislation

The Patient Protection and Affordable Care Act of 2009 (ACA; P.L. 111-148) significantly improved our nation's health care system by decreasing the number of uninsured Americans, banning insurance companies from discriminating against Americans with pre-existing conditions, and reducing overall health care costs.

Our nation's health care system has made important progress since passage of the ACA, but unfortunately, that law was not perfect and affordable health care coverage remains out of reach for many American families. *The Health Care Improvement Act of 2021* will ensure millions more Americans have access to affordable health care coverage by reducing the cost of health care coverage on the ACA exchange, strengthening Medicaid to expand health care coverage to more American families, banning surprise medical billing, allowing the federal government to negotiate drug prices, and implementing several other commonsense provisions to stabilize our health care system.

The Health Care Improvement Act of 2021 will:

Reduce Costs for Working Families

The legislation will reduce health care premiums and out-of-pocket costs by:

- Eliminating the existing premium subsidy cliff on the ACA exchange where currently no individual making more than 400 percent of the federal poverty line is eligible for premium assistance. This legislation will ensure no individual or family pays more than 8.5 percent of their total household income for their health care insurance.
- Requiring the Secretary of Health and Human Services to create a low cost public health care option.
- Authorizing the Secretary of Health and Human Services to negotiate prescription drug prices. Under existing law, the federal government is explicitly banned from negotiating with pharmaceutical companies for lower drug prices. This ban means that the federal government currently must pay any price set by a pharmaceutical company. This provision would reduce drug costs for more than 37 million seniors and ensure the federal government can negotiate fair prices for the drugs it purchases.

- Allowing insurers to offer health care coverage across state boundaries, which would increase choice and competition among plans, will drive down costs while maintaining quality, value and strong consumer protections.
- Creating a new “State Health Insurance Affordability and Innovation Fund” to support state run reinsurance programs, streamlined enrollment, data sharing and additional measures to reduce health care costs. The non-partisan Congressional Budget Office has previously estimated such programs could reduce health care premiums by 8 percent within one year and additional amounts in subsequent years.

Increase Health Care Enrollment and Access to Care

This legislation will reduce the number of uninsured Americans and increase access to affordable health care coverage by:

- Providing an additional incentive to states to expand their Medicaid program by temporarily increasing federal matching funds for states that expand their programs and reducing existing administrative payments for states that do not expand their programs. It would also provide retroactive payments to states like Virginia that were late to expand Medicaid and have not received their fair share of federal matching payments. The number of uninsured Americans would fall by more than 2 million Americans if every state were to expand its Medicaid program.
- Allowing states to provide new mothers up to 12 months of postpartum Medicaid eligibility. This provision would significantly improve maternal health outcomes by ensuring mothers have access to vital health care services during the immediate months after giving birth.
- Simplifying Medicaid and the Children’s Health Insurance Program (CHIP) enrollment by permanently authorizing the successful Medicaid Express Lane Eligibility program and expanding it to include adults. HHS would be required to conduct a study and develop recommendation to allow states to further implement Medicaid and CHIP auto-enrollment for individuals eligible for cost-free coverage. There are over 7 million Americans currently eligible for cost-free Medicaid coverage, but not enrolled due a variety of factors, including unnecessary paperwork and confusing enrollment steps.
- Implementing a counter-cyclical Medicaid matching payment from the federal government to ensure that states with high levels of unemployment receive a higher federal matching payment to appropriately account for an increase in Medicaid enrollment.

¹ <https://www.cbo.gov/system/files/2019-08/hr1425.pdf>

² <https://www.kff.org/medicaid/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/>

³ <https://www.thirdway.org.report/cost-caps-and-coverage-for-all-how-to-make-health-care-universally-affordable>

- Creating a rural floor for the Area Wage Index formula the Centers for Medicare and Medicaid use to reimburse rural providers. Under current law, this payment formula is skewed and rural providers are unfairly compensated at a much lower rate than urban providers. This existing policy has resulted in lower payment rates to Virginia providers and has made it more difficult for them to keep their doors open in these underserved communities.
- Modernizing ACA employer reporting requirements to ensure that businesses can provide comprehensive health care benefits to their employees without additional administrative costs or unnecessary paperwork.

Supporting Organizations:

Virginia Community Healthcare Association

Virginia Poverty Law Center

The Commonwealth Institute

The Arc of Northern Virginia

The Autism Society of Northern Virginia

Healthcare for All Virginians Coalition

First Focus Campaign for Children

The Association of University Centers on Disabilities

American Medical Student Association

Protect Our Care

Third Way

Infectious Diseases Society of America