Executive Order Targets Affordable Care Act

President Trump signed an executive order on October 12, 2017, eliminating subsidies to insurance companies that help them lower deductibles for low-income customers. There is lot of uncertainty about how this will change the health law.

What does this mean?

It is important to remember that the Affordable Care Act remains the law, and this proposed change would not alter its main provisions. The funding cuts and executive order could result in higher insurance premiums for some customers and lower premiums (for less regulated coverage) to those who want to try new insurance options. The rules governing ACA coverage, including the subsidies to help middle-class income people buy it, the expansion of Medicaid to poor adults, and ACA's many other provisions remain the law.
The executive order could result in real changes for the insurance market.

Are there any changes to the laws governing the Affordable Care Act?

Not yet. The executive order has no force of law. It instead asked three federal agencies to consider possible new regulations that could help achieve certain goals. It is not clear what those rules will say.

What will this mean for people who get insurance from work?

If you work for a large company that insures you, there should be few changes.

If you work for a small business, the executive order could cause major changes to your plan. The order asks the Labor Department to loosen rules that permit small companies to come together to form associations and buy the level of coverage available to larger businesses.

What will this mean for people who buy their own insurance?

The biggest risk to consumers is that insurance companies will drop out of the market. Their contracts allow them an out if subsidy policy changes.

The effects of the executive order are less clear, though there are likely to be some. It appears that a coming rule will expand a kind of short-term insurance plan intended for people who are in between jobs, making these plans available to more consumers who wish to find an insurance option that is cheaper and less comprehensive than those available in the ACA marketplaces.

Such plans are currently exempt from most insurance rules. This means the plans can reject applicants or charge higher prices to customers with pre-existing health conditions, can cover fewer benefits and can change higher deductibles. Because they tend to be meager and insure only healthy customers, the plans' prices tend to be lower. Under the current regulations, such plans can last for only three months at a time. The order asks for a change to lengthen their duration, a directive likely to result in plans that last just under a year. That change would make it easier to use such insurance as a substitute for ACA compliant coverage.

What will it mean for people with Medicaid or Medicare?

None of these changes will directly affect them.

Will these changes lower the cost of insurance?

It's complex. If the rules are changed, some consumers will be able to buy insurance for a lower price through the short-term market. However, the insurance is likely to cover fewer benefits, may not be available to people with a history of health problems, and may be likely offered by an unreliable company.

People who get insurance using government subsidies will not notice much of a change in price, but they might see fewer options in the future, should the changes make the ACA market less attractive to insurers.

However, people who pay full price now, who are denied short-term plans, and who don't work for companies that become part of associations will probably face higher prices for the ACA compliant insurance they buy now.

When will we have more details?

Reasonably soon. The agencies charged with writing new rules have been working on them. The initial proposal may be available within weeks, though any changes are unlikely to be completed before the end of the year. Generally, issuing new regulations takes several months, including a period of public comments.
Stay tuned!

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