

# IAA Legislative Ledger



Q4-2016

November 1, 2016

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## Elections Are Exciting...Sometimes.

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### **LOTS OF POLLS BUT WHY DON'T I, OR ANY PEOPLE I KNOW, GET CALLED FOR OUR OPINION?**

Using a totally unscientific verbal survey of my industry colleagues and some clients, ZERO people had been called and/or had responded to a poll and ZERO of their friends, clients and acquaintances had said they'd been called. So, polls may just be asking the wrong people and, thus, make it difficult to predict the outcome. One poll proclaimed to represent the whole nation was only 700 people in the urban Northeast. So, there is the huge "unknown" vote factor and plenty of "noise" from both candidates that isn't helping our industry with their election outcome prediction.

Both candidates have a different view on the role of government in healthcare. So what should we do today to prepare our health insurance business strategy?

### **THINGS WE DO KNOW**

The Affordable Care Act (ACA) Exchange low and poor risk enrollment shows government the actuarial lesson that they need to force enough people and enough younger and healthier into the system for it to survive.

<http://www.wsj.com/articles/inside-the-affordable-care-acts-arizona-meltdown-1477925051>

#### **Maybe a single payer option:**

This option won't be popular considering the Government's VA and other similarly run programs. So how can it be sold to the

American public? Perhaps, they say that employee benefits would be "untouched". (Maybe., remember the "you can keep your doctor" promise) However, the tax for the single-payer will be on everyone, so your plan participants will face paying that tax for a Government Plan and also contributing to the employer coverage. That will be expensive for the employee, so one option most likely won't survive.

### **The ACA Today**

Even the Obama Administration is predicting an average 25% premium hike for ACA Exchange plans. (These numbers are being reported at various places with some percentage over 100%). The price increases vary by state plus the rates are set to over-charge younger people. So, a 27 year old in a state like AZ will face a 116% premium price increase for 2017, and a 27 year old in OK will face a 69% price hike. On the other hand, IN and MA are expected to drop 3%. Meanwhile, the deductible and co-pays are going to go up, which makes the "coverage" seem useless because many people don't have the average \$6,300 cash for the upfront costs. This is why the young don't buy into the ACA. (They would rather have money for beer, gas and weekend fun).

**The bad news about ACA is premium increases are being presented to people a week before Election Day**, which would normally be a big factor. However, the current ACA enrollees are only a small group of Americans. It has very little political impact on 280 million, and about 85% of enrollees get subsidies. So, it is only a direct pocketbook issue for a couple million

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middle-income Americans “too rich” for subsidies. Meanwhile, the media doesn’t seem to think the topic is of interest to their audience and not giving the topic much attention. Consequently, the financial status of the ACA may have very little impact on the outcome of the election.

## **In Review:**

Clinton wants to maintain the ACA and Trump has indicated repeal and replace. We will wait and see the election results as the race is really, really close.

## **HOUSEKEEPING ITEM:**

### ***Flexible Spending Account Increases Maximum For 2017***

#### ***Health Flexible Spending Account (FSA):***

*For 2017, the dollar limit on employee salary reduction contributions to health FSAs will be*

*\$2,600 (a \$50 increase from the 2016 dollar limit).*

#### **Qualified Transportation Fringe Benefits:**

*For 2017, the monthly limit on the amount that may be excluded from an employee’s income for qualified parking benefits will remain at \$255. The combined monthly limit for transit passes and vanpooling expenses for 2017 will also remain at \$255.*

*Enjoy the rest of your day! Please be sure to vote on Tuesday, November 8, 2016!*

*Thank you,  
Paul Kelly, President*