Now that Donald Trump will soon be sworn into office as our next president, in the weeks and months ahead we can expect to learn more details about Trump’s proposed healthcare policies and how he plans to begin repeal of the ACA.¹

While most Americans probably do not think about him in the same thought as “U.S. Healthcare,” and are likely more familiar with his reality TV show than Trump’s proposed healthcare policies, and while his proposed policies are certainly not as detailed or as comprehensive as those that were listed on the Hillary Clinton campaign website², in fact, there is more substance to Trumpcare than what was reflected in many of his short statements and one-liners in the debates. The policies that make up Trumpcare will require substantial changes to U.S. healthcare’s current legal and regulatory structure, and to U.S. tax law.

Repeal of the ACA
The first priority for Trump will be the repeal of the ACA. However, this is not expected to happen overnight. The overhaul of the ACA, or the transition from the ACA to Trumpcare, however it is done, will clearly not be as simple as a reality TV show where Trump sits at a conference table, looks through each ACA rule and says “you’re fired!” Economists and lawmakers that have been deeply involved in U.S. healthcare policy have noted that repeal of the ACA will be an extremely difficult task.³

Repeal of the ACA Not as Easy As it Seems
Why will this be so difficult? First of all, approximately 20 million people have gained insurance over the last three years through the ACA⁴, and many people on both sides of the political spectrum like certain ACA provisions about preexisting conditions, preventive care and age 26 dependent coverage. Even Trump himself has said that he likes the rule about preexisting conditions.

Further, the individual mandate, the employer mandate, and taxes on insurers and plans, are what makes the coverage affordable, and what pays for the ACA’s benefits. Without this core structure, it’s unclear how the ACA would be funded.

Additionally, another problem with repeal of the ACA is that, with the exception of a proposal in June by House Speaker Paul Ryan, which mainly replaces certain components with other Republican policies⁵, Republicans have not explained precisely how they would “replace” the ACA. In other words, while some parts of the ACA may be able to be removed more easily than others, a wholesale “replacement plan” has not yet been proposed by any Republican, and such a plan may leave millions without coverage.⁶
Further, other political challenges will likely arise to a replacement plan, including questions of whether all of the Republicans will agree to the plan, and whether Democrats will filibuster any legislation that makes its way to the Senate.

Even if President-elect Trump is able to eventually repeal the ACA entirely, he will still need to come up with a solution in the short-term for the problems that are now occurring with the ACA’s Exchanges. In late October of 2016, the Exchanges took on significant criticism from both sides of the political spectrum due to the 22% increase in average premium cost between 2016 and 2017.\(^7\) Additionally, 2016 saw large insurers exiting the Exchanges.\(^8\)

**Trump’s Other Proposed Healthcare Policies**

In the months ahead we can also expect to learn about more of Trump’s proposed healthcare policies and how he will implement each of these:

1. Modify laws that inhibit the sale of health insurance across state lines. This policy will allow vendors to offer health insurance in any state so long as the plan purchased complies with state requirements. This is expected to increase competition and lower insurance costs.

2. Allow individuals to fully deduct health insurance premium payments from their tax returns. The thinking behind this policy goal is that since businesses are allowed to take these deductions, why wouldn’t Congress allow individuals the same exemptions? As part of this proposal, the Trump administration plans on reviewing basic options for Medicaid and working with states to ensure that those who want healthcare coverage can have it.

3. Increase access to Health Savings Accounts (HSAs). Trump wants contributions into HSAs to be tax-free and to be allowed to become part of the estate of the individual HSA account holder. Accordingly, HSA account holders would be allowed to pass on accumulated HSA funds to their heirs without fear of any “death penalty.” Trump also wants it to be easier for any member of a family to transfer HSA funds without penalty. While HSAs have become even more popular with employers in recent years, these new rules are likely to significantly increase their popularity by both employers and individuals alike.

4. Require price transparency from all healthcare providers, especially doctors and healthcare organizations like clinics and hospitals. The goal of this policy is to make it easier for individuals to shop around to find the best prices for procedures, exams or any other medical services.

5. Block-grant Medicaid to the states. Increase the authority of state governments over Medicaid funds and reduce “federal overhead.” The goal here is to create incentives for states to seek out and eliminate fraud, waste and abuse in order to better preserve Medicaid funds.

6. Remove barriers to entry into free markets for drug providers that offer safe, reliable and cheaper products. Trump plans on opening the drug market to more foreign competition in order to lower costs and increase options for consumers.
7. Other reforms that might lower costs and increase financial security will be considered by the Trump administration.

Conclusion
Regardless of how the above policy prescriptions work, repeal of the ACA will likely be one of the most difficult challenges for the new president, as the over-six-year-old law has provided millions with coverage and has many benefits that people have enjoyed. Regardless of what happens, the bottom line is that nothing will happen overnight. For the time being, plan sponsors should continue complying with the ACA in the same way they did before the election.

As Trumpcare becomes a new reality in the years ahead, the employee benefits community, and the whole country, will be watching closely to see just how President Trump “fires” the ACA.

1 Donald J. Trump: Make America Great Again Campaign Website
2 Hillary for America Campaign Website
4 Id.
5 Reuters, “House Republicans Unveil Healthcare Alternative to Obamacare”
6 See Megan McArdle, Bloomberg, “Repeal Would Be Even Worse Than Obamacare”
8 Wall Street Journal, “Aetna Warned U.S. Before Exiting Health Exchanges”
9 Donald J. Trump: Make America Great Again Campaign Website

For more information, please call 1.877.426.7779