

November 7, 2018

2018 MIDTERM ELECTION ANALYSIS

WHAT'S AT STAKE

The makeup of the next Congress will have a significant impact on our industry.

MEDICARE FOR ALL was a major theme in this campaign. The movement is stalled significantly with Republicans padding their majority in the Senate, but the noise on the campaign trail will continue, as will our efforts to combat it. Parochially, it would, by definition, nearly eviscerate employer-sponsored insurance as we know it. More broadly, it would cost upwards of \$32 trillion, threaten 17% of the country's GDP, and would be wildly disruptive to the health coverage enjoyed by 156 million Americans.

The Council aggressively weighed into the debate on the campaign trail this year by signing on as a founding partner of the **Partnership for America's Healthcare Future**. PAHCF is a public affairs coalition that has been working to influence media coverage on Medicare for All and directly running digital, print, and television advertisements with third party partnerships in districts where Medicare for All has surfaced as an issue. Notably, there are currently six variations of Medicare expansion plans before Congress. The most offensive is the Medicare for All initiative wiping out employer sponsored insurance, and the least offensive is a Medicare buy-in option for essential health benefits made available on state exchanges.



[Click here to compare and contrast the different proposals.](#)

EMPLOYER-SPONSORED INSURANCE

Once you get past the extreme Medicare for All noise, you have a myriad of health policies to be considered that will impact employer-sponsored insurance. **The issues can largely be put into two camps: 1) solutions to stabilize the individual market, and 2) solutions to reign in drug costs.** Finding a bipartisan solution in both arenas that would be signed by President Trump is a herculean task, but not an insurmountable one.

Finding those solutions is a Council priority.



[Our position on stabilizing the individual marketplace.](#)



[Our position on reigning in drug costs.](#)

In short, **we seek to stabilize the individual market and to bring more transparency to drug pricing.**

DRUG PRICING

For his part, President Trump is moving the needle towards more transparency for prescription drugs by requiring manufacturers to disclose the price in advertisements. He supports increased flexibility for 1332 waivers (a key element of a market stabilization plan pushed by Sens. Lamar Alexander and Patty Murray), and expanding the pool of individuals able to buy health insurance in the individual market with HRAs. To the surprise of nobody, Democrats are balking, claiming that the proposed waiver flexibility is extreme and **erodes protections for preexisting conditions**, and the HRA move will **undermine employer sponsored plans by encouraging companies to dump high risk individuals into the exchanges**. But the moves nevertheless demonstrate the Administration's shared recognition of the problems.

Scrutiny over drug pricing is increasing on a bipartisan basis and almost guarantees legislative action in the next Congress. The Republican led House Energy and Commerce is diving into the practice of **Pharmacy Benefit Managers**, and Progressives Democrats are **demanding answers** from drug companies on why price increases have been so dramatic. It's a debate in which The Council will engage as part of efforts to control rising premiums while ensuring that brokers have access to the data critical to crafting tailored, sophisticated benefit plans. [CLICK HERE](#) to view our policy position on drug transparency.

THE NEXT CONGRESS & P/C ISSUES

There are also several issues that will be on the front burner for the next Congress impacting the property/casualty business. **This Congress was never able to fully reauthorize and reform the NFIP, and we'll see continued debate in the next Congress on how to reign in the \$25 billion debt-ridden program.** 2017 saw more nat-cat insurance losses in history, and it didn't go unnoticed that fewer than 17% of Americans living in a flood zone affected by a 2017 storm had flood insurance. Fewer than 3% in Hurricane Florence's path had the coverage. **This next Congress will determine the economic resiliency of storm prone communities and whether private markets are able to offer flood peril alongside NFIP policies.**



[Click here for our policy on NFIP Reauthorization.](#)

The next Congress will also determine the fate of the **Terrorism Risk Insurance Program**. As you know, the program's federal backstop is the backbone to terrorism peril in the United States. Dysfunction in the 113th Congress led to a lapse in the program for weeks, and risked market chaos as carriers couldn't guarantee the coverage without the federal backstop, potentially freezing lending and seizing markets. The Federal Insurance Office recently issued its **annual report** highlighting data in the terrorism markets underscoring the program's success. The program will currently expire at the end of 2020 unless it is reauthorized. As with all things in Congress, the renewal effort will earnestly begin next year but won't likely make it to the finish line until the end of 2020. And we'll be leading the charge.

Thank you, as always, for your support.



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