



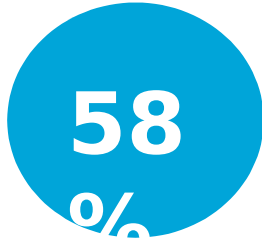
DC Talk: A Political Perspective on Health Reform

Brad Knox

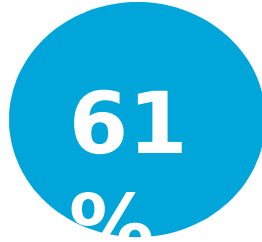
SVP & Counsel
Federal Relations



Consumer perceptions and priorities



UNEXPECTED OUT-OF-POCKET COSTS, like surprise doctor or medical bills, is their biggest concern compared to 42% who say regularly recurring costs like insurance premiums and copays.



BRINGING DOWN HEALTH CARE COSTS
Is the most important priority to improve the U.S. health care system.



SATISFIED with our current health care system.



SATISFIED with their current health insurance plan.



Satisfaction is driven by design

What is the main reason you personally feel satisfied with your current health insurance plan?

(Combined Top 5 results)

- ✓ **42%** - **Comprehensive coverage.** The benefits care and treatments that are important to me are covered.
- ✓ **41%** - **Affordable coverage.** I can personally afford my premium, deductible and copays.
- ✓ **32%** - **Choice of doctors.** I'm able to choose from many quality doctors, nurses and hospitals in my area to receive care.

Dissatisfaction is driven by cost

What is the main reason you personally do not feel satisfied with your current health insurance plan?

(Combined Top 5 results)

- ✓ **78%** - **Costs.** I'm paying more and more every year, but seems to be getting less and less.
- ✓ **45%** - **Inadequate coverage.** There are simply too many treatments and benefits that aren't covered by my insurance plan.
- ✓ **18%** - **Surprise bills.** I could see a doctor or visit a hospital that appears to be in my network, but my insurance



HEALTH POLICY

Health Policy Timeline

Executive order to review and modify ACA, including Association Health Plans, Short-term limited duration insurance and Health Reimbursement Arrangements

2017

OCT

2018

JUN

Rules expanding Association Health Plans

AUG

Rules expanding Short-term Limited Duration Plans

2019

MAR

Federal district court rules AHP final rules invalid.

JUN

- Rules expanding Health Reimbursement Accounts
- Executive order for greater health care transparency
- Senate Committee approves bi-partisan package aimed at lowering health care costs.

Expanding AHPs

HIGHLIGHTS

The final rule makes it easier for otherwise unrelated employers to group together to form a single large group health plan, thus avoiding certain ACA rules applicable to small-group insured plans.

Barriers still exist in some states to forming AHPs under the new rules and a federal district court has held the final rule invalid, placing the future of AHP expansion in doubt.

- The primary purpose of the association may be to offer health coverage, but the association must also have at least one substantial business purpose unrelated to providing benefits.
- Nondiscrimination rules generally prohibit different rating or eligibility rules for each employer member.
- “Working owners” such as sole proprietors can participate if certain requirements are met (even if the business has no employees other than the owner and spouse).
- Relaxed commonality of interest test allows for geographically based AHPs.

Expanding STLDI's

HIGHLIGHTS

Extends STLDI plans to have a total coverage period (including any insurer approved renewals) of up to 36 months. Formerly, STLDI insurance was limited to just 3 months because they are not subject to ACA requirements and cover significantly less than ACA compliant coverage.

- Considered a type of primary medical coverage.
- Intended for individuals who have a temporary gap in coverage (between jobs or between school and job).
- Not subject to ACA requirements.
- Available in the individual market.
- Generally, does not cover pre-existing conditions.

Expanding HRAs

HIGHLIGHTS

The tri-agencies release final rules in June to expand Health Reimbursement

Accounts. The final rules could significantly change the health benefits landscape by establishing two new HRAs. While employers of any size can adopt the HRAs, they may be of particular interest to small employers that don't currently offer coverage.

Integrated Individual Coverage HRA (ICHRA):

- May reimburse individual market premiums and other Section 213(d) medical expenses.
- Employee must be enrolled in individual market coverage.
- Employers cannot offer traditional group health plan coverage, other than excepted benefits, to the same classes of employees.
- An ICHRA and EBHRA cannot be offered to the same employees.

Nonintegrated Excepted Benefits HRA (EBHRA):

- Employer must offer a traditional group health plan to employees offered an EBHRA, but the employee does not have to be enrolled in that plan.
- May reimburse most Section 213(d) medical care expenses, such as **out-of-pocket co-pays or deductibles under a primary major medical policy.**
- Cannot reimburse group health insurance premiums other than COBRA or other continuation coverage premiums or excepted benefit premiums that are a medical expense (e.g., most vision and dental).
- Other types of excepted benefit coverage (e.g., **hospital fixed indemnity coverage, specified disease**) may be offered on a pre-tax basis outside the EBHRA.

Executive Order

President Trump issued an executive order on June 24 for greater health care cost transparency.

- The administration is looking at using agencies such as the Justice Department to tackle regional monopolies of hospitals and health insurance plans over concerns they are driving up the cost of care.
- It will spark new regulations and guidance in a variety of areas, including Health Savings Accounts.

Senate Bi-Partisan Bill

On June 26, the Senate HELP committee approved it's bipartisan package aimed at lowering costs for patients by addressing, surprise medical bills and price transparency.

- Co-sponsored by Chairman Lamar Alexander (R-TN) and Ranking Member Patty Murray (D-WA), the package contains nearly three dozen specific bipartisan provisions that will reduce the cost of what Americans pay for health care.
- It sidesteps controversial issues like Affordable Care Act repeal, Medicare for All and abortion funding.

“Medicare for All”

As the political conversation around health care policy heats up, so are discussions about “Medicare for All” and a “single-payer system.” **This type of health care system would open Medicare Parts A, B and D to everyone and phase out the private insurance market.**

KEY VARIATIONS

MEDICARE FOR SOME:

Would expand Medicare and open Parts A, B, C, and D to older workers (e.g. people age 55+) as this population is hardest hit by the health care premium cost crisis and many find themselves without coverage because the premiums are high and they can't afford them. This scenario is considered by some to be a “first step” to a Medicare for All system.

MEDICARE ADVANTAGE FOR ALL:

Would make Medicare for All a private sector solution by requiring Medicare Part C carriers to enroll all ages, or the subset of older workers. This scenario faces some challenges, as many promoting Medicare for All don't support Medicare Advantage.

HYBRID OF MEDICARE SINGLE PAYER WITH PRIVATE OPTIONS

Paid family leave

HIGHLIGHTS

Improving our nation's paid family and medical leave laws is a top priority for Republicans and Democrats, which means we're likely to see continued bi-partisan work on the issue.

There's currently a tax incentive for employers that offer certain paid family leave options. The provision, originally sponsored by Sen. Deb Fischer (R-NE) is currently set to expire at the end of 2019, but could be extended.

- ✓ Republican plans rely on tax incentives or drawing down from social security or privatized plans.
- ✓ Democrats are talking about a requirement/mandate and a national system.



U.S. Political Roundup

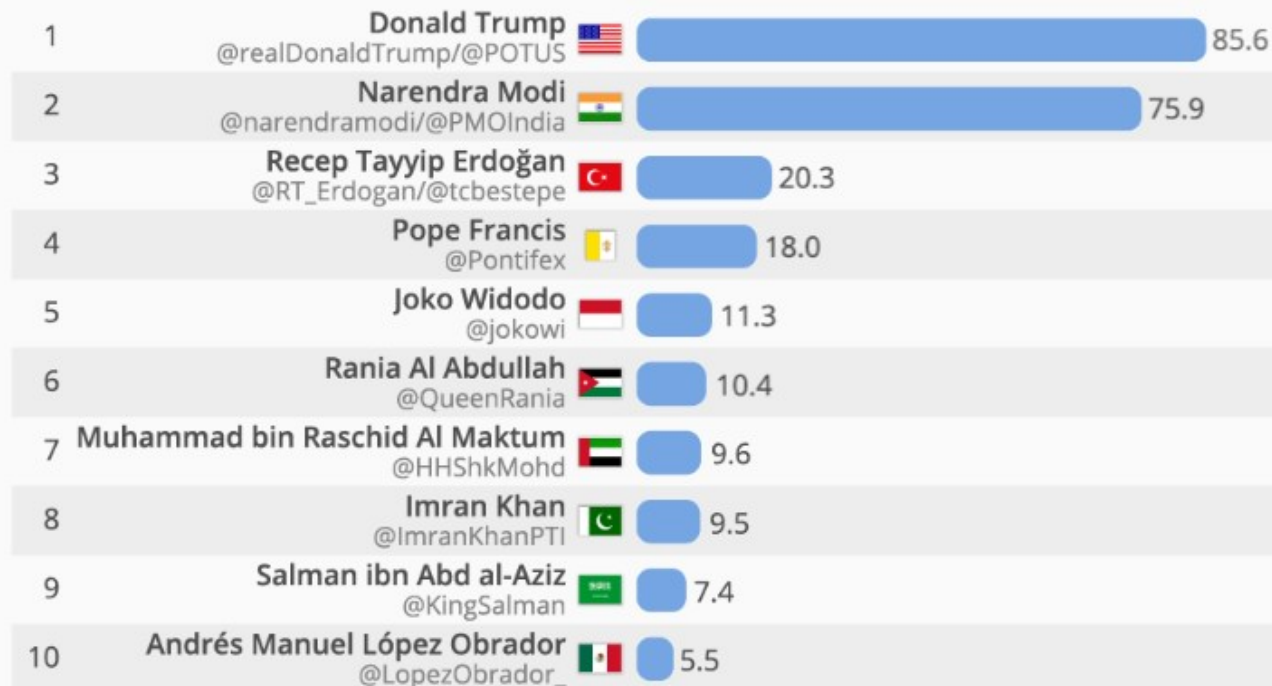


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Ask about it at work...

The World Leaders with the Most Followers on Twitter

Number of Twitter followers of world leaders (in millions)*



@StatistaCharts

* as of April 30, 2019

Source: Twiplomacy 2018 Study/Twitter

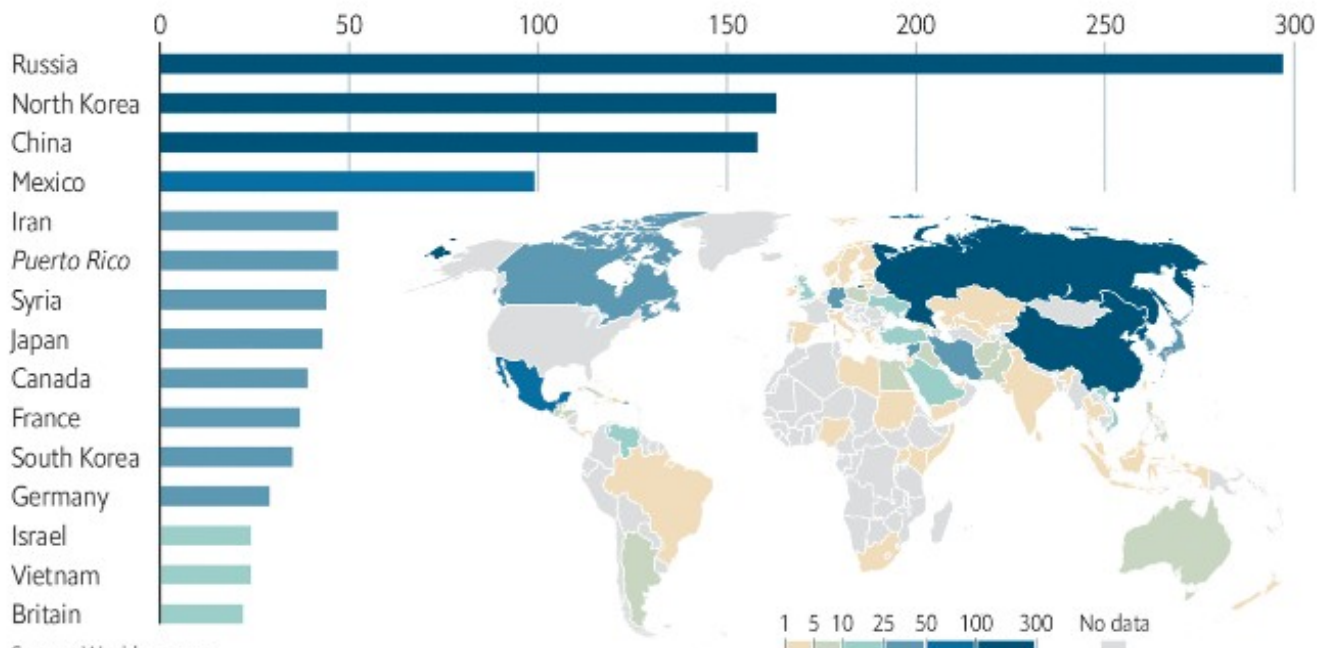
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Special relationships

Tweets by Donald Trump that mention foreign countries

November 2016 to May 2019



The Economist



NATIONAL CONCERNS

ISSUES INFLUENCING POLICY

TRUMP CROSSES N. KOREAN BORDER

On July 1, Trump became the first sitting president to set foot in North Korea.

After roughly a 45 minute meeting, President Trump told reporters he and Kim agreed to restart negotiations in hopes of brokering a deal to start the full denuclearization of the peninsula.

BORDER CRISIS

In June, the House passed a Senate bill to spend \$4.6 billion to relieve the humanitarian crisis and tackle some of the structural inadequacies at the U.S. Mexico border.

MUELLER TESTIMONY

Anticipation is building for special counsel Robert Mueller's public testimony.

House Democrats are specifically interested in what he can share publicly related to his Russia investigation.



GLOBAL CONCERNS

ISSUES INFLUENCING POLICY

U.S. MEXICO CANADA AGREEMENT

USMCA is currently the Trump Administration's top priority. Speaker Pelosi has appointed members to a task force charged with negotiating elements of the USMCA with the USTR before implementing language is finalized.

IRAN

U.S sanctions are crippling the Iranian economy. While the administration hopes to avoid war at all costs, President Trump said "I will not let Iran have nuclear weapons."

CHINA

After collapse in trade negotiations and a re-escalation of tariffs, the U.S. targeted Chinese tech firms. At the G20 summit in June, The U.S. and China agreed to restart trade talks and that Washington would hold off on imposing new tariffs on Chinese exports.

RUSSIA

President Trump joked about Russian election meddling at G20 summit and Russia President Vladimir Putin invites President Trump to Moscow prior to U.S. election.



2020 Elections

2020 Frontrunners and outlook



President Donald Trump

Approval rating is currently lower than recent presidents when they were re-elected.



Senator Bernie Sanders

Reaching a ceiling. Although socialism is popular among the progressive left, Sanders wouldn't pose a threat to President Trump in swing states.

Former Vice President Joe Biden



Early polling leader, but could easily lose ground in head-to-head polling with President Trump in key states.



Senator Elizabeth Warren

Senator Kamala Harris

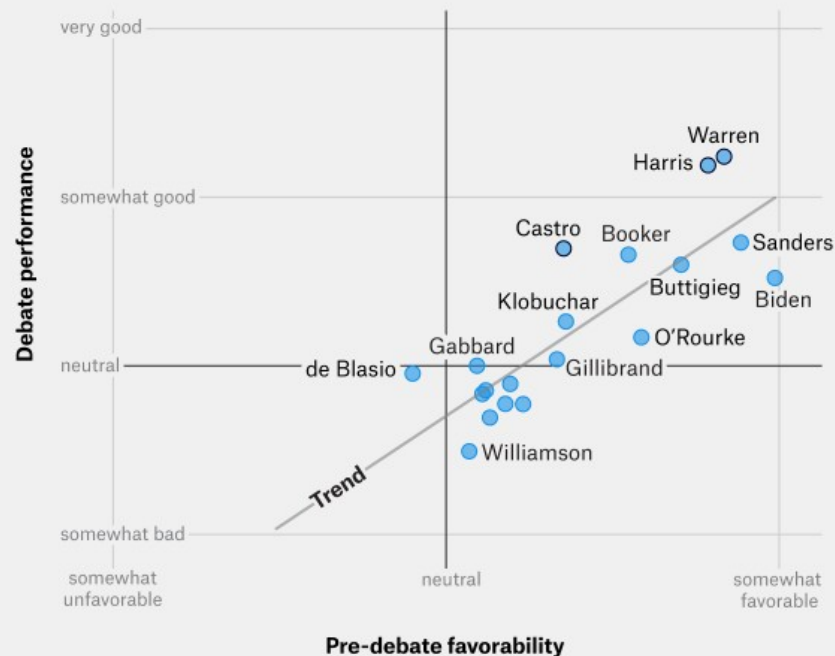


Middle-of-the-pack contenders.

Could easily emerge as front runners following successful debates, and could energize independents as well as progressives.

Warren, Harris and Castro flew above expectations

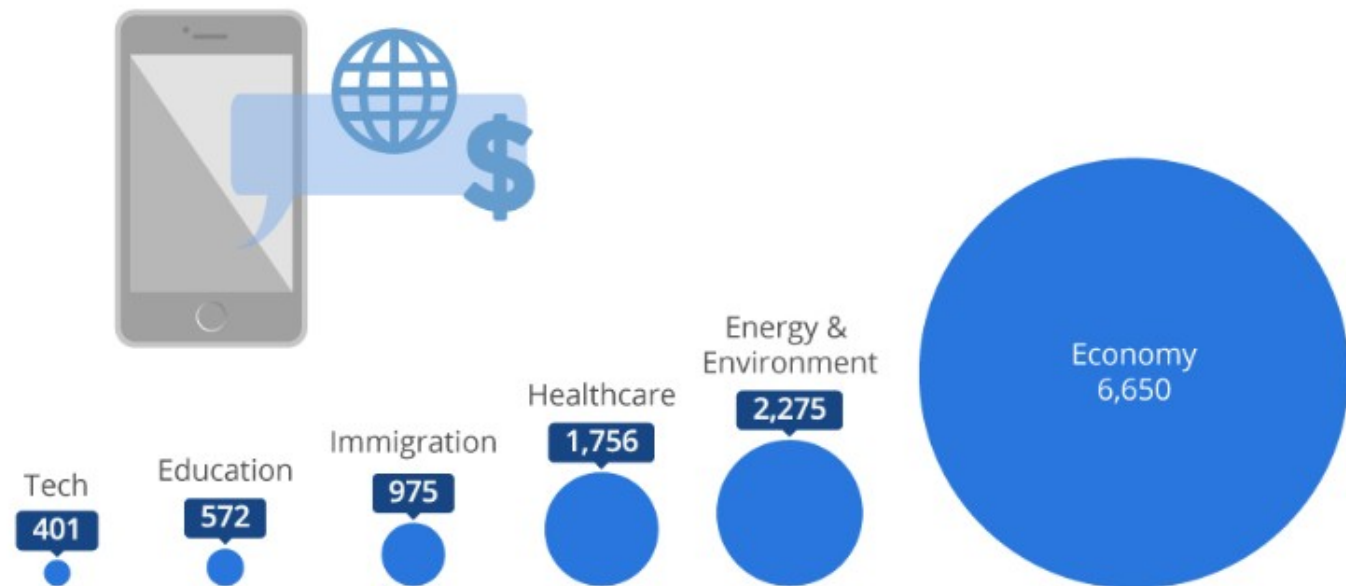
Final average debate performance scores of the 2020 Democratic candidates by their pre-debate favorability



*Pre-debate favorability was calculated by assigning a 0 to 100 score to each respondent's answer, where "very favorable" is equal to 100, "somewhat favorable" is equal to 75, "heard of, no opinion" is equal to 50, "somewhat unfavorable" is equal to 25 and "very unfavorable" is equal to zero. Scores were then averaged to create an overall favorability index for each candidate. Respondents who hadn't heard of the candidate were not included.

What Are the Candidates Tweeting About?

Twitter discussion by democratic 2020 candidates, January 1, 2019 to June 5, 2019



Emerging issues for voters in 2020



Poor Leadership



Immigration

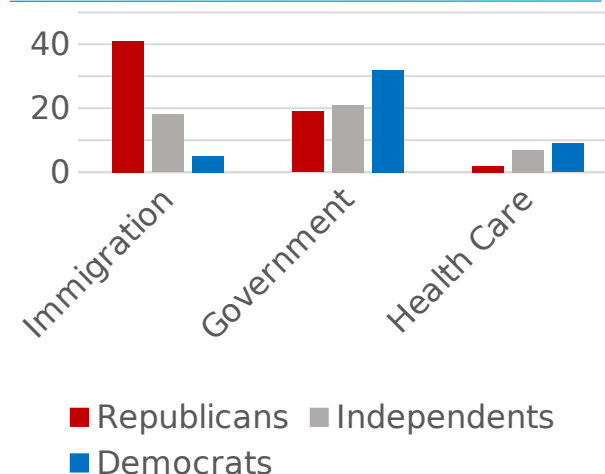


Health Care

Top problems (all)

Issue	U.S. Adults
Government/Poor leadership	23%
Immigration	21%
Economy in general	5%

Top problems (by party)



Source: [Gallup Poll](#), April 1-9, 2019.

Democrats

	Likely
Toss Up D	
Jones, Doug	D-AL
Peters, Gary	D-MI
Smith, Tina	D-MN
*Udall, Tom	NM

*Retiring

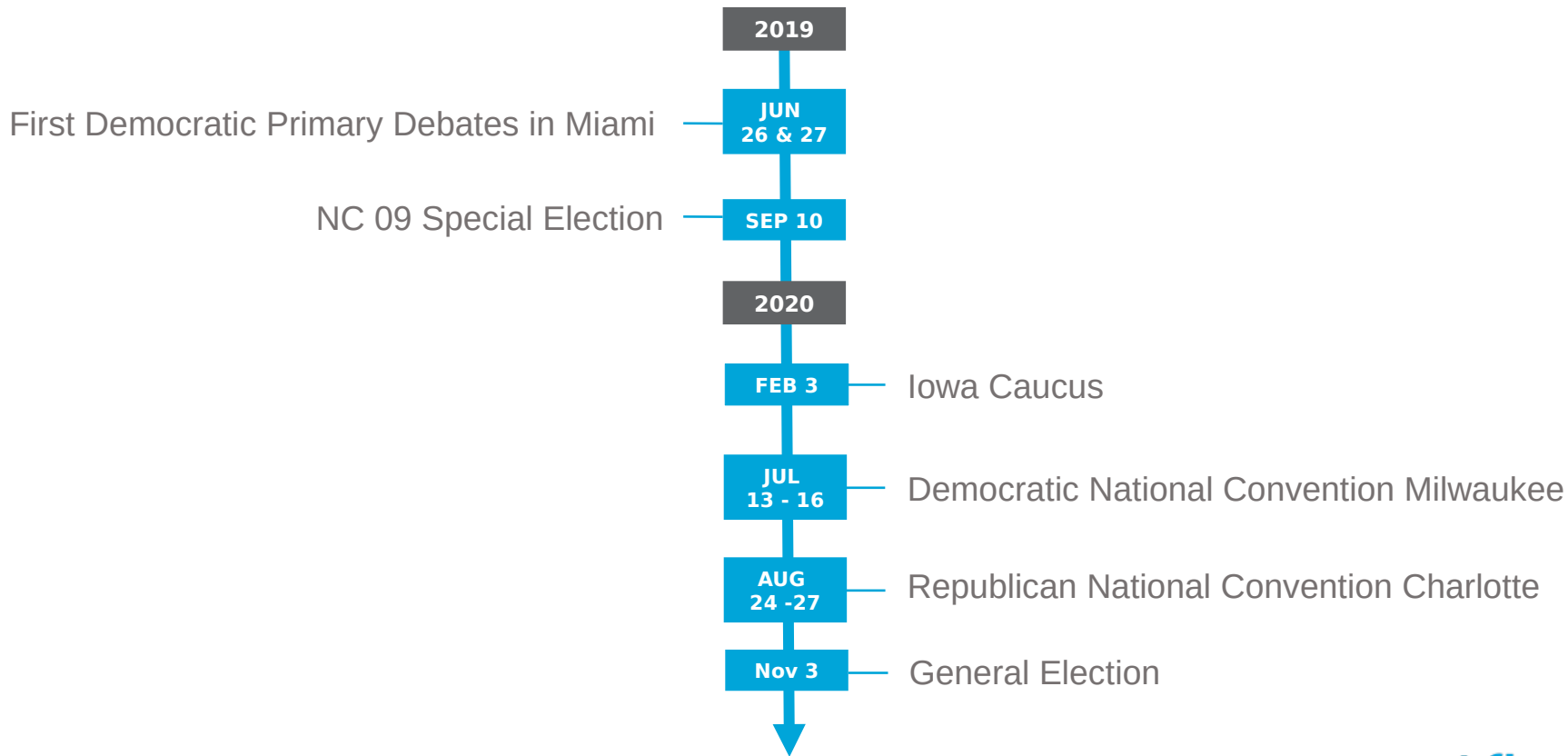
Republicans

Toss Up Lean R Likely R

McSally, Martha	R-AZ
Gardner, Cory	R-CO
Collins, Susan	R-ME
*Alexander, Lamar	R-TN
Ernst, Joni	R-IA
Hyde-Smith, Cindy	R-MS
McConnell, Mitch	R-KY

Race/Topic	Poll	Results	Spread
2020 Democratic Presidential Nomination	CNN	Biden 22, Sanders 14, Warren 15, Harris 17, Buttigieg 4, O'Rourke 3, Booker 3, Yang 1, Gabbard 1, Klobuchar 2, Castro 1, de Blasio 1, Bullock 0	Biden +5
2020 Democratic Presidential Nomination	The Hill/Harris X	Biden 33, Sanders 15, Warren 9, Harris 11, Buttigieg 6, O'Rourke 4, Booker 2, Yang 1, Gabbard 1, Klobuchar 0, Cas	Biden +18
President Trump Job Approval	Rasmussen Reports	Approve 47, Disapprove 51	Disapprove +4
Direction of Country	Rasmussen Reports	Right Direction 42, Wrong Track 52	Wrong Track +10

Election Calendar



Of course...it all comes down to turnout.

High percentages of voters are already paying attention to the 2020 presidential race (Gallup)

June 11	Total	Rep	Dem	Ind	Men	Women
A lot	42%	48%	45%	36%	43%	41%
Some	30%	32%	29%	32%	31%	30%



156 MILLION
Projected voters in 2020

vs.

139 MILLION
Votes cast in 2016



“Early signs we are in for a voter turnout storm of a century in 2020.”

-Michael McDonald, UF Political Scientist specializing in voter behavior

Voters "extremely enthusiastic" about voting for president (CNN)

Now: 45%
2015: 22%
2011: 28%
2007: 26%
2003: 19%





THANK YOU

