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CEO Power Panel: No repeal without replace

By [Harris Meyer](#) | November 19, 2016



President-elect Donald Trump (left) and House Speaker Paul Ryan are signaling they'll act quickly to repeal the ACA.
Getty Images

Shortly after Donald Trump's unexpected victory in the presidential election, leaders of the six-hospital Mission Health system decided to put large capital investments on hold. They wanted to preserve financial flexibility in case the new Republican administration pushed through "very harmful changes and reductions in payment," said Dr. Ronald Paulus, CEO of the Asheville, N.C.-based system.

Meanwhile, Mission Health chose to continue investing in population health initiatives, its new health insurance company and its Medicare Advantage program.

Paulus said those decisions flowed out of the huge uncertainty caused by Trump's and congressional Republicans' promise to rapidly repeal and replace the Affordable Care Act. "It's eight years going in one direction, then turning on a dime and going in a completely different direction," he said. "Uncertainty wreaks havoc in any industry. As a nation, we should decide on a direction and provide some long-standing stability."

Healthcare CEOs, Paulus among them, are willing to consider Trump's healthcare reform ideas. But they have strong concerns about whether his plan would match the ACA's performance in expanding coverage and slashing the uninsured rate to less than 9%, according to Modern Healthcare's post-election Power Panel survey, which got responses from 93 of 123 CEOs contacted. Leaders of large hospitals and health systems are disproportionately represented on the panel, but the participants also include CEOs of insurers, suppliers and technology companies, as well as associations



administration and Congress.

MH TAKEAWAYS

Many healthcare CEOs say they're open to tweaks to the ACA's insurance marketplaces and Medicaid, but they also yearn for stability and fear the consequences for their organizations and patients if millions of Americans lose coverage.

Republican leaders are debating whether to quickly pass a repeal of most of the ACA, possibly with a one- or two-year delay, then later craft a replacement package. But 86% of the CEOs responding to the survey either strongly or somewhat agreed that repeal should not proceed without a replacement plan that provides affordable health insurance for all Americans who lack employer-based coverage.

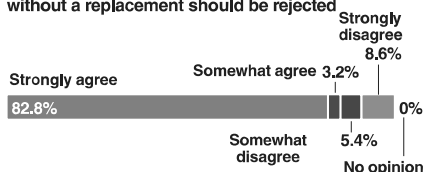
"You can't drop 20 million people from the insurance rolls," said Dr. William Conway, CEO of the 1,200-physician Henry Ford Medical Group in Michigan. "I hope there's no way to go back."

"I would hope and pray that we don't unwind the thing without anything to replace it," Paulus said.

A Power Panel survey in May found that 67% of CEOs opposed repealing and replacing the ACA.

REPEAL AND REPLACE

Wholesale repeal of the Affordable Care Act without a replacement should be rejected



Source: Modern Healthcare research

In interviews, CEOs participating in the new survey worried that Republicans will put even more reliance on high-deductible health plans, which they believe are discouraging patients from seeking needed care. They also were wary of GOP proposals to restructure Medicare and Medicaid—particularly when combined with Trump's plans to sharply cut taxes and boost military spending—that may mean big cuts in federal healthcare spending and reductions in payment rates to providers.

On the other hand, they were confident that the ACA-driven shift from fee-for-service to value-based payment, which they strongly favor, will continue under a Republican-led

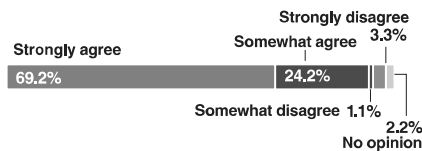


The CEOs—most of whom were shocked by Trump's election—urged the president-elect and the new GOP-led Congress to move cautiously and deliberately and not throw out what they see as the ACA's many valuable features, particularly its extension of insurance to millions of Americans and its ban on insurers' use of pre-existing conditions to deny coverage. Many hope Republicans ultimately will choose to tweak the law rather than junk it and substitute an entirely new system.

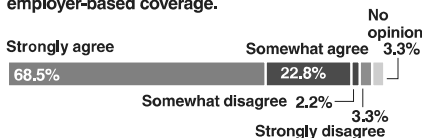
“The overriding issue is how we maintain coverage in this country,” said Jim Hinton, CEO of Presbyterian Healthcare Services in Albuquerque who soon will take over as CEO of Baylor Scott & White Health in Texas. “When people don't have coverage, all kinds of bad things happen. That's a really old story and we don't want to get right back in the middle of that again.”

INSURANCE EXCHANGES

The individual insurance markets should be changed or fixed in a way that maintains coverage continuity for those who've already obtained coverage and increases the likelihood that more people will obtain coverage through the exchanges.



Repeal of the individual insurance expansion should not take place until it includes a program with a realistic chance of providing affordable health insurance for all Americans without employer-based coverage.



Percentages may not add up to 100 because of rounding
Source: Modern Healthcare research

Warner Thomas, CEO of Ochsner Health System in Louisiana, which recently expanded Medicaid under the ACA, said what actually happens may be less drastic than the rhetoric suggests. “The components of the ACA are working. Many need to be modified, and hopefully those modifications will make it better for health systems and beneficiaries.”

While some CEOs express frustration with the reversal of direction promised by Trump, others cautiously predict their organizations will adjust to the new environment without major disruption. “The

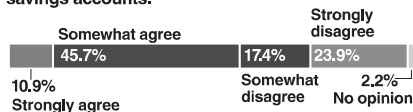
overall strategy for our system is to move quickly to value-based care, and that was going to happen regardless of who won the election, though the details might be a little different,” said Barclay Berdan, CEO of Texas Health Resources, a 19-hospital system based in Arlington.

Trump's campaign and House Republican leaders led by Speaker Paul Ryan have offered sketchy replacement proposals featuring some combination of tax deductions or credits to help people afford insurance, less regulation of health plans, and more



ALTERNATIVE PATH TO EXTENDED COVERAGE

A viable alternative for Americans without health insurance can be created using some combination of tax credits, sale of less regulated plans nationwide, high-deductible plans and health savings accounts.



Percentages do not add up to 100 because of rounding
Source: Modern Healthcare research

If the GOP replacement reduces how much consumers pay for healthcare, “people will be all over it,” Hinton said. But “if anything happens with the ACA repeal that makes care more expensive, I don't think citizens will support it.”

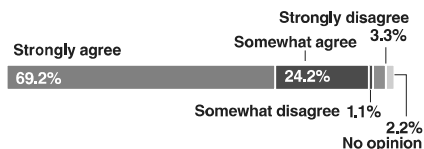
There was less openness to Trump's and Ryan's proposals for converting Medicaid from an entitlement to a program of capped federal contributions to the states, which would give state leaders great flexibility in setting eligibility and benefits. Ryan has said he sees that approach saving the federal government lots of money.

Fifty-five percent of the CEOs surveyed disagreed with the statement that the ACA's Medicaid expansion to low-income adults should be maintained by turning the program into block grants, while 40% agreed with that model.

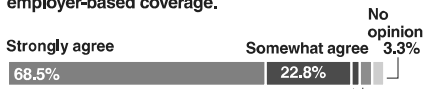
“It might be good to let the states be creative, but if they cut more people off the rolls, that wouldn't be good for providers or patients,” said Conway, whose state has expanded Medicaid.

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“There's been a history that block grants can be a way to reduce spending,” Berdan said. “Will there be some sort of standard, mandatory benefit? The devil's in the details.”

On the other hand, 75% of healthcare leaders agreed with the idea of preserving the Medicaid expansion while giving states more flexibility in how they design their programs. That could occur through Section



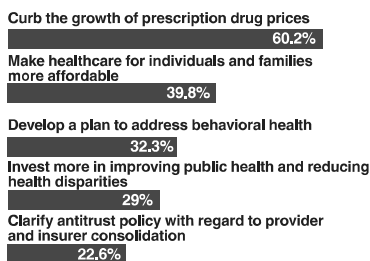
there's any reduction in government payment, we as a safety net hospital would be the one suffering first."

Several of the CEOs interviewed expressed misgivings about GOP proposals to expand the use of high-deductible plans. Surveys show that consumers are increasingly concerned about the affordability of care under these plans, which are increasingly common in both the individual and employer markets.

"We've floated those deductibles so high that for the average person, it is no longer insurance," said Presbyterian's Hinton, whose system operates an insurance arm that withdrew from the ACA exchange market but still sells individual plans outside the exchange. "That pushes the burden onto hospitals or physicians to collect what people may not have."

BEYOND OBAMACARE

We asked CEOs to choose three policy priorities besides the ACA that the Trump administration should pursue in its first 100 days. Here are the top five responses:



Source: Modern Healthcare research

Nearly all the CEOs surveyed said they want to see the ACA's emphasis on value-based payment maintained no matter what happens with the law. But the fate of the Center for Medicare and Medicaid Innovation, which the ACA established to design and operate value-based payment demonstrations, is in doubt under the Trump administration, creating uncertainty about who will lead this movement.

CEOs said they would like to see the CMMI preserved, with 54% rejecting the statement that it should not be allowed to establish mandatory demonstrations, such as its bundled-payment initiative for joint replacements in 67 markets.

"I think—I hope—that we'll continue to see there's value in having a nimble, well-financed research and development arm like CMMI," said Dr. Richard Gilfillan, CEO of the 90-hospital Trinity Health system based in Livonia, Mich., who was the center's first director. "How they decide to implement the findings from CMMI is another question."

On other issues, healthcare leaders chose prescription drug costs as their top concern

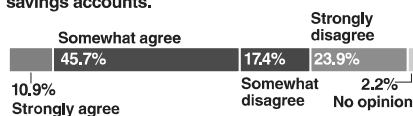


consolidation (22.5%).

The CEOs said prescription drugs were the most unmanageable cost providers and patients face, and they pleaded with policymakers to address the problem—though they weren't confident the new administration would take on the powerful pharmaceutical industry.

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Source: Modern Healthcare research

“Drug costs are a huge monkey on the back of health systems and consumers,” Presbyterian's Hinton said. “It's hard not to be outraged by some of these drug costs. As a country we have to come to some agreement on this.”

Healthcare leaders are watching Washington closely to see what healthcare strategies the Trump administration and congressional GOP leaders are devising. Intermountain Healthcare CEO Dr. Marc Harrison said his organization sent strategy officers to Washington after the election to gather intelligence, and they will report back to Salt Lake City headquarters this week.

Marla Weston, CEO of the American Nurses Association, said her organization will step up its lobbying to ensure that whatever ACA replacement plan Republicans develop is consistent with ANA principles. The association will be working with the new Coalition to Keep America Covered to achieve those goals.

“We have a lot of new players in the new administration who don't have as much information as we front-line providers have,” Weston said. “We're hoping to educate people on the drivers that really do improve access, quality and affordability.”

For better or worse, healthcare leaders recognize big changes are likely ahead and their organizations will have to adapt, just as they laboriously did over the past six years of ACA implementation. They just hope the new round of reforms truly leads to a better healthcare system.

“We're all in this together when it comes to healthcare; it touches everybody,” Hinton



[Here's what CEOs think of candidates' healthcare ideas](http://www.modernhealthcare.com/article/20160521/magazine/305219938)

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Harris Meyer is a senior reporter providing news and analysis on a broad range of healthcare topics. He served as managing editor of Modern Healthcare from 2013 to 2015. His more than three decades of journalism experience includes freelance reporting for Health Affairs, Kaiser Health News and other publications; law editor at the Daily Business Review in Miami; staff writer at the New Times alternative weekly in Fort Lauderdale, Fla.; senior writer at Hospitals & Health Networks; national correspondent at American Medical News; and health unit researcher at WMAQ-TV News in Chicago. A graduate of Northwestern University, Meyer won the 2000 Gerald Loeb Award for Distinguished Business and Financial Journalism.

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