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Pros and Cons:

# Essential Health Benefits

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# What is insurance?



# What is a car?



# What is insurance?

Through Essential Health Benefits, the ACA creates a federal definition of insurance.

“There are no solutions, only trade-offs”

Thomas Sowell (1930 - )



# How does AHCA change EHB requirements?

- The MacArthur amendment, passed by the House of Representatives, offers a set of waivers from various ACA requirements:
  - Beginning in 2020, states would be permitted to specify their own set of essential health benefits in the individual and small group markets.
    - States can define the categories of benefits that insurers must cover.

# The Balancing Act





# What is the right balance?

- How much will the federal government require plans to cover for all beneficiaries?
- Who pays for it?
- If you segment risk between low utilizers and high utilizers, can it work?

# The Policy Conundrum

A high premium, low deductible policy makes no sense if a low-income beneficiary can't afford it.

A low premium, high deductible policy makes perfect sense for a low-income beneficiary until it doesn't.



## Trade-Offs

- About 6.5 million people took the penalty - owing a total of \$3 billion in tax penalties.
- About 12.7 million people claimed one or more exemptions from the ACA-coverage mandate.

19.2M



# Is 19.2M really Pareto Optimal?





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