

2019 Year-in-Review

	January	February	March	April	May	June
FEDERAL		Colorado, Iowa, Michigan, and Nevada join California and 17 other states to defend the Affordable Care Act (ACA) in Texas v. U.S. , a lawsuit over the constitutionality of the ACA in the wake of Congressional elimination of the individual mandate penalty in 2017. ¹	Federal district judge voids approved federal Section 1115 waivers for Medicaid work requirements in Arkansas and Kentucky . President Trump releases the proposed Fiscal Year 2020 Budget , including significant reductions in funding for Medicare and Medicaid.	The Centers for Medicare and Medicaid Services (CMS) publishes the ACA Notice of Benefit and Payment Notice for 2020 , that applies to state and federal marketplaces including cost-sharing, risk adjustment and user fees. The Payment Notice is an annual release.	CMS final rule allows Medicare Advantage and Medicare Part D prescription drug health plans greater flexibility to apply utilization management strategies, such as prior authorization and step therapy, ² for otherwise “protected classes” of drugs. ³	CMS proposes significant revisions that narrow federal rules implementing Section 1557 of the ACA, which prohibits discrimination in health programs and activities receiving federal financial assistance.
STATE	Governor Newsom releases his proposed Fiscal Year (FY) 2019-20 State Budget , including \$104.2 billion for the Department of Health Care Services (DHCS). The budget proposes: \$260 million to cover an estimated 138,000 low-income undocumented young adults 19-25; enactment of a state individual coverage requirement; and additional state subsidies for low- and moderate-income individuals in Covered California. See ITUP budget overview blog .	Covered California ends the sixth open enrollment period with 1.5 million individuals selecting a health plan, just slightly below 2018 levels. ⁴ Renewals increased by 7.5% while new enrollments dropped by 23.7%. See ITUP blog on Covered California analysis of 2019 open enrollment. Covered California releases a report on options to improve affordability. See ITUP blog on introduced 2019-20 legislation.	The UCLA Center for Health Policy Research releases a report titled, “Reducing Access Disparities in California by Insuring Low-Income Undocumented Adults.” See ITUP in-depth analyses of coverage options for Californians without employer-sponsored coverage or Medicare: Mapping the Future of Individual Health Insurance , Mapping the Future of Medi-Cal , and Covered California and Individual Health Insurance .		Governor Newsom issues the May Revision to his proposed FY 2019-20 State Budget, maintaining proposals to expand health care coverage and improve the affordability of individual coverage. See ITUP Legislative Update for May Revision highlights.	Governor Newsom signs the final FY 2019-20 State Budget . The Budget expands Medi-Cal to undocumented young adults and financial assistance through Covered California, moving the state closer to universal coverage. See ITUP Legislative Update on the final state budget. The budget renames and expands the Council on Health Care Delivery Systems; tasks the Healthy California for All Commission with developing options for achieving a unified financing system.

Note: Endnotes include definitions and additional background information on various concepts in the month-by-month review.

2019 Year-in-Review

	July	August	September	October	November	December
FEDERAL	<p>The Fifth Circuit Court of Appeals hears oral arguments in <i>Texas v. U.S.</i>, which invalidated the ACA. California leads the 17 states defending the ACA.</p> <p>Federal district judge, in <i>Philbrick v. Azar</i>, voids CMS approval of New Hampshire’s Section 1115 waiver establishing Medicaid work requirements.</p>	<p>The U.S. Department of Homeland Security releases the final rule on “public charge,” affecting individuals seeking a change in immigration status or entry to the U.S.</p> <p>See ITUP public charge fact sheet for additional background and the ITUP overview of Health Care Programs for California Immigrants.</p>	<p>The World Health Organization (WHO) announces the first World Patient Safety Day focusing on the prevalence of patient harm and avoidable deaths associated with health care delivery.</p> <p>According to WHO, four out of every ten patients are harmed during primary and ambulatory health care and medical errors cost an estimated \$42 billion annually.</p>	<p>President Trump issues a proclamation requiring that lawful immigrants to the U.S. prove ability to pay anticipated medical expenses.</p> <p>Federal judge temporarily blocks the public charge rule days before it was set to take effect.</p> <p>The U.S. Court of Appeals for D.C. hears oral arguments in the Arkansas and Kentucky Medicaid work requirement cases.</p>	<p>CMS proposes the Medicaid Fiscal Accountability Rule, which makes sweeping and potentially devastating changes affecting supplemental payments and financing arrangements states use to finance Medicaid.</p> <p>U.S. District Court issues a temporary restraining order on the federal policy requiring new legal immigrants to demonstrate they can pay anticipated medical expenses.</p>	<p>A federal appeals court rules in <i>Texas v. U.S.</i> that the ACA individual mandate is unconstitutional but sends the case back to the lower court to consider two issues: how much of the remaining ACA can stand and whether it should apply nationwide.⁵</p> <p>The Supreme Court hears oral arguments on the lawsuit related to the ACA risk corridor program.⁶</p>
STATE	<p>Covered California announces preliminary rates for 2020, reflecting a state weighted average⁷ increase of 0.8 percent – the lowest rate change since Covered California began offering coverage.</p> <p>See ITUP Tracking for analysis of the rate changes and health plan choices available to consumers for 2020.</p>		<p>Governor Newsom signs most of the health care bills sent to him by the legislature but vetoes several Medi-Cal related bills.</p> <p>See ITUP Legislative Update for final results of the 2019-20 Legislative Session.</p>	<p>DHCS proposes California Advancing and Innovating Medi-Cal (CalAIM), a multi-year initiative addressing expiring federal waivers and other Medi-Cal program features. See ITUP Discussion Guide on Medi-Cal waivers.</p> <p>UCLA Center for Health Policy Research publishes review of coverage trends using new data for 2018.</p>	<p>UC Berkeley Labor Center publishes new 2022 projections of coverage gains and losses in California.</p> <p>See ITUP updated Snapshot on the remaining uninsured in California reflecting new 2018 California Health Interview Survey (CHIS) data and UC Berkeley projections for 2022.</p>	<p>Covered California open enrollment period ends January 31, 2020.</p> <p>Covered California releases initial data through December 15 showing enrollment up 16% from last year and nearly half a million Californians accessing the newly enacted state financial assistance to help them to afford the premiums.</p>

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ENDNOTES

¹ In *Texas v. U.S.*, the U.S. Court of Appeals for the Fifth Circuit reviews the constitutionality of the ACA individual mandate. Under the ACA, individuals must demonstrate they have minimum coverage, or pay a tax penalty (\$695 or 2.5 percent of the individual's income, whichever is higher, unless the individual is eligible for an exemption from the individual mandate). At the end of 2017, Congress passed federal tax reform and eliminated the individual mandate tax penalty starting in 2019. For additional information about *Texas v. U.S.* appeal, see this November 27, 2019 Kaiser Family Foundation issue brief, [Potential Impact of Texas v. U.S. Decision on Key Provisions of the Affordable Care Act](#). See also December section of this review for the most recent federal court ruling.

² Step therapy is a type of prior authorization for drugs that begins medication for a medical condition with lower-priced medications before taking a "step up" to one that costs more.

³ Federal Part D policy requires Medicare Advantage Part D and standalone Part D prescription drug plans to include on their formularies all drugs in each of six categories or classes of clinical concern ("protected classes"): (1) antidepressants; (2) antipsychotics; (3) anticonvulsants; (4) immunosuppressants for treatment of transplant rejection; (5) antiretrovirals; and (6) antineoplastics; except in limited circumstances. The final rule establishes an exception to this requirement for "new starts" of protected class drugs subject to specific requirements.

⁴ Covered California is the state's ACA marketplace. An open enrollment period is the annual period when people can enroll in or make changes to health insurance coverage and be guaranteed acceptance by their selected health plan in their area regardless of health status, claims history or pre-existing health conditions.

⁵ For more information on the latest decision in *Texas v. U.S.*, see: [Continued Uncertainty as Fifth Circuit Strikes Mandate, Remands on Rest of the ACA](#), Health Affairs Blog, December 19, 2019.

⁶ The risk corridor program was established under the ACA as a safety net intended to curb losses and profits in the first three years of the health insurance exchanges. The stated goal was to discourage insurers from raising premiums because of uncertainty over who might enroll in their plans. The program would reimburse a portion of the losses for health plans that enrolled a disproportionate share of sicker, often older, insured customers. However, Congress failed to provide the funds to support the reimbursements. Health insurers sued and the case is before the U.S. Supreme Court.

⁷ The weighted average means that each rate change is multiplied by a value or "weight" before summing to a single average. Covered California uses a weighting factor for each rate that reflects the relative number (percentage) of individuals enrolled in that health plan product in that region. However, individuals will experience rates that may be substantially higher or lower than the weighted averages depending on their age, the health plan product they choose, and the region where they purchase coverage.