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Leaving Patients Empty Handed: CBO Score Finds BCRA Would Cause 22 Million to Lose Insurance

On June 26, 2017, the nonpartisan [Congressional Budget Office](#) (CBO) released its evaluation of the Better Care Reconciliation Act (BCRA),¹ Senate Republicans' proposal to repeal and replace parts of the Affordable Care Act (ACA) and cap federal financial support for Medicaid. In its report, the CBO concluded that the BCRA will reduce the federal deficit significantly, but will also result in 22 million Americans losing health care coverage by 2026. The CBO also noted that the BCRA will bring extensive cuts to Medicaid as well as increase out-of-pocket costs in the private insurance markets.

The CBO's report has further complicated Senate Majority Leader [Mitch McConnell's](#) (R-KY) efforts to garner the 50 votes needed to pass the BCRA. In light of the CBO report, as well as the breakneck speed which leadership initially proposed for the vote, several Republican Senators [voiced their opposition](#) to holding a vote before the July Fourth congressional recess. In an effort to buy time to win over skeptics and secure the needed vote count, Senator McConnell delayed the vote on the bill until after the July Fourth recess. Republican leaders must now scramble to negotiate deals and make changes to the legislation to secure the needed votes. It is unclear whether McConnell will court right wing conservatives who are demanding deeper cuts to Medicaid and a full repeal of the ACA, or moderate Republicans who seek the opposite. This delay presents a critical opportunity for advocates to voice their concerns and highlight the negative impact of the policies proposed by the BCRA on access to care.

Advocates should:

1. Carefully review the CBO's score of the BCRA as a reliable evaluation of the impact the BCRA could have on access to care.
2. Educate their Senators over the recess on the access to care concerns raised by the BCRA. Advocates should stress the importance of maintaining robust subsidies and consumer protections in the private insurance Marketplaces, as well as strong federal support for Medicaid.
3. Understand both the far right and more moderate conservative criticisms of the BCRA as well as track Senators' indication as to how they will vote.

¹ For an in-depth discussion of the BCRA, please see our previous *Health Care in Motion* piece [here](#).

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CBO Projects Massive Coverage Losses and Skyrocketing Out-of-Pocket Costs under the BCRA

As expected, this week brought the release of the CBO's "[score](#)" of the BCRA. The CBO is a nonpartisan agency charged with providing budget and economic information to Congress.² Its role is to provide Congress with objective, nonpartisan, timely analyses to allow Congress to make informed economic and budgetary decisions on programs funded by the federal budget, and to provide estimates required by the congressional budget process. The CBO evaluates the potential impact of proposed legislation, but does not make policy recommendations. As such, the CBO's report is a reliable non-partisan evaluation on how the BCRA will impact health insurance coverage, Medicaid, and access to care.

In its report, the CBO estimates that the BCRA will reduce the federal deficit by \$321 billion between 2017 and 2026. However, these savings will come at a significant cost to access to care. The CBO notes that by 2026, 22 million fewer Americans will have health care coverage as a result of the BCRA. In 2018, the number of uninsured individuals would rise by 15 million, increasing to 19 million by 2020 and 22 million by 2026. The CBO notes that these coverage losses will be felt disproportionately among older and lower-income Americans. Because people living with chronic illnesses and disabilities tend to be older and lower-income, this means that the coverage losses will likely be felt disproportionately among these communities as well.

A Private Insurance Market with More Expensive and Less Robust Coverage

With respect to affordability in the private market, the CBO's report estimates that premiums in the individual insurance markets will be lower under the BCRA than if the ACA was maintained as is. However, most Marketplace enrollees would face significantly higher out-of-pocket costs and net premiums after taking into account the BCRA's premium subsidies. The CBO notes that this is largely because the BCRA eliminates the ACA's cost-sharing subsidies and because the average premium subsidy provided would be significantly lower than the average subsidy under the ACA.

Further, the CBO notes that the BCRA's premiums subsidies are designed to provide financial support to purchase a "benchmark" plan that covers fewer health care expenses than the benchmark plan consumers could purchase using the ACA's subsidies. As a result, the CBO estimates that the average overall costs associated with the benchmark plan, including the monthly premium and out-of-pocket costs, will add up to a significant percentage of income for low-income individuals under the BCRA.

As a result, the CBO predicts that few low-income Americans would purchase any plan despite being eligible for tax credits, as the plans they could afford to purchase would not provide any meaningful access to care. In an illustrative example, the CBO notes that, under the ACA, a 40-year-old individual whose income is 175% of the Federal Poverty Level could pay a net annual premium of \$1,700 for a plan that covers about 87% of their health care expenses. Under the BCRA, this same individual would pay a net annual premium of \$1,600, but only for a plan that covers 58% of his or her health care expenses. As a result, the rise in his or her out-of-pocket costs in the form of deductibles, copayments, and coinsurance would far outweigh the modest reduction in net premium.

² For an in-depth discussion of the role of the CBO, please see our previous *Health Care in Motion* piece [here](#).

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These reduced financial supports are particularly concerning for lower-income individuals living with chronic illnesses and disabilities who may have no options for health care coverage other than purchasing coverage through the Marketplaces. Reducing the generosity of the subsidies, the generosity of the plans they are meant to cover, and removing the cost-sharing subsidies will mean that individuals who rely on regular access to care may be forced to forego necessary services and treatment, as the out-of-pocket costs associated with utilizing them will be financially infeasible.

Additionally, the CBO's report estimates that states encompassing about half of the total U.S. population would take advantage of the BCRA's expansion of Section 1332 waivers³, mainly to weaken the ACA's Essential Health Benefits (EHB) requirement. While the CBO estimates that this may reduce premiums as plans would be allowed to include fewer services, people living in states adopting these waivers could experience substantial increases in out-of-pocket costs for excluded services. The CBO notes that services like maternity care, mental health care, rehabilitative and habilitative treatments, and expensive prescription drugs are likely to be excluded from EHBs in states obtaining waivers. Due to the increases in out-of-pocket costs, individuals who need access to these services in states adopting waivers would either have to pay substantially more than under the ACA, or do without the services entirely. This is especially concerning for those with the greatest health care needs, such as those living with chronic conditions and disabilities, as these individuals rely on affordable access to services that states would likely eliminate from the EHB requirement.

Massive Cuts to Medicaid

The CBO estimates that the BCRA will drive \$772 billion in cuts to federal financial support for Medicaid over the next ten years by converting the program to a per capita cap in 2020 and by eliminating the enhanced support provided to the Medicaid expansion population. Indeed, while the CBO estimates that Medicaid spending would be 26% lower in 2026 relative to current law, a [supplemental report](#) issued on June 29 notes that this would increase to about 35% by 2036. As a result, the CBO estimates that states would react to these cuts by eliminating optional services and reducing enrollment in the program. Because Medicaid is the [primary provider](#) of [optional services](#) for individuals living with disabilities, states will be forced to make hard choices about the level of care they can continue to provide to these individuals absent adequate federal financing.

While individuals who would lose Medicaid coverage under the BCRA would instead receive premium subsidies, because of the high cost of those premiums and the substantial out-of-pocket costs, most of these individuals would be unable to afford insurance in the Marketplaces. As a result of these changes, the CBO estimates that 15 million fewer Americans would receive health coverage through Medicaid. While the report only provides estimates up through 2026, the CBO notes that beginning in 2025, when the BCRA's growth rate for federal funding is reduced even below the House bill's insufficient level, Medicaid enrollment will continue to fall as the gap between states' health spending and federal support widens further.

The First of Many Anticipated Amendments

Even before the CBO score was released, Republicans were already making legislative tweaks to the BCRA. Republican leadership in the Senate released an [amendment](#) to the BCRA aimed at promoting continuous insurance coverage. The

³ For a discussion of the 1332 waiver process under the ACA, please see our previous *Health Care in Motion* piece [here](#).

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amendment would require insurers to impose a six-month waiting period before effectuating coverage for individuals who cannot demonstrate that they did not have a break in coverage greater than 63 days during the last year. This amendment is intended to encourage people to purchase insurance in lieu of the individual mandates that Republicans long to repeal.

This approach to encouraging coverage is concerning, particularly for people living with chronic illnesses and disabilities. Individuals living with serious conditions or disabilities, such as HIV, cancer, and mental illness are more likely to experience gaps in health care coverage due to changes in employment status, financial security, and other circumstances related to periods of illness or intensive treatment that may leave them unable to work or afford the cost of coverage. The BCRA would penalize these individuals for lapses in coverage and force them to wait for six months to gain access to affordable treatment. Vulnerable populations faced with this scenario will find themselves locked out of coverage when they need it most. This will cause greater reliance on costlier, late-stage interventions such as emergency rooms visits, negatively impacting both the health of these individuals as well as the cost of care overall as hospitals pass on the cost of uncompensated care to the broader health system.

State of Play: An Uncertain Path, But Risks Remain

The BCRA has faced a lukewarm reception in the Senate. While Majority Leader Mitch McConnell initially planned to bring the BCRA before the Senate for a vote just days after the text of the bill was released, several Senators quickly voiced their [discontent](#) with the bill and with the compressed timeline. Some conservatives fault the bill for not repealing the ACA in full and for not going further with Medicaid cuts. Moderates, meanwhile, posit that some ACA insurance protections should stay and that the Medicaid cuts are too severe. As Republicans can only afford to lose two votes in order to prevail on their bill, McConnell must somehow secure the votes of one group in his party without losing too many votes from other groups. In an effort to buy time to thread this political needle, McConnell announced that a potential vote on the BCRA would be delayed until after the July Fourth congressional recess.

Further complicating the debate, due to Senate rules regarding reconciliation—the process Republicans are utilizing to pass the BCRA with no Democratic votes—the BCRA must save at least as much money as the House bill, the American Health Care Act (AHCA). The CBO estimated that the AHCA would produce \$119 billion in savings, whereas the BCRA would reduce the federal deficit by \$321 billion, leaving McConnell with over \$200 billion that can be used to fund legislative tweaks aimed at securing votes from reluctant Senators.

As such, there is likely to be substantial negotiations throughout the July Fourth recess, as McConnell attempts to find legislative tweaks to garner the 50 votes needed for passage. It is unclear, however, whether he seeks to appease moderates or conservatives. If revived, the Senate is likely to vote on the BCRA shortly after they return from recess on July 10th. Already, McConnell is expected to add [\\$45 million](#) in funding to address the opioid crisis in an effort to win over moderate votes. Even if moderates do secure some deals to reduce Medicaid cuts or preserve consumer protections, it is likely that these changes will not negate the underlying fact that the BCRA will significantly undermine access to care, particularly for vulnerable and lower income populations.

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During the July Fourth recess, Senators are likely to return to their home states, presenting an opportunity for advocates to push back against the BCRA and keep pressure on Senators. Advocates should continue to educate their Senators, particularly moderate Republicans such as Senators [Susan Collins](#) (R-ME), [Dean Heller](#) (R-NV), [Rob Portman](#) (R-OH), [Bill Cassidy](#) (R-LA), [Jeff Flake](#) (R-AZ), [Cory Gardner](#) (R-CO), [Lisa Murkowski](#) (R-AK), [Jerry Moran](#) (R-KS) and [Shelley Moore Capito](#) (R-WV), about the importance of robust subsidies, strong consumer protections, and continued federal financial support for Medicaid on access to care for people living with chronic illnesses and disabilities. In addition to reaching out directly, advocates should consider attending an [in-person event](#) with their Senators to make their voices heard.

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