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March 14, 2017 2:00PM EST

Access to Care for 24 Million at Stake as Republicans Debate the American Health Care Act

The Congressional Budget Office releases evaluation of the American Health Care Act indicating serious access to care issue; moderate and conservative Congressional Republicans express a variety of concerns with the Act while the White House praises it

On March 6, 2017, Republican House leadership unveiled their proposal, the [American Health Care Act](#) (the AHCA), to replace the Affordable Care Act (ACA) and modify Medicaid's funding structure. After a week, the response to the AHCA has been mixed at best, with the bill finding critics from both sides of the aisle. In addition to the universal and expected criticism from Democrats, the proposal has faced resistance from both moderate and far-right conservative Republicans. On the far right, conservatives in the House and Senate have objected that the bill does not go far enough in deconstructing the ACA. Moderate Senate Republicans, meanwhile, are concerned with the impact it could have on access to care, particularly in regard to Medicaid expansion. President Trump has embraced the bill however, and expressed confidence that it will become law.

Further complicating the political dynamic around the AHCA, on Monday, March 13, 2017, the nonpartisan Congressional Budget Office (CBO) released its evaluation of the proposal. In their report, the CBO concluded that the AHCA will reduce the federal deficit significantly, but it will also result in 24 million Americans losing health care coverage by 2026. CBO also noted that the AHCA will lead to severe cuts to Medicaid funding and an increase in premiums and cost sharing burdens for many Americans.

Advocates should closely follow the response to the AHCA. In order to understand the proposal and the political landscape, advocates should:

1. Carefully review and understand the CBO's score of the AHCA. This report is a reliable evaluation of the impacts that the AHCA could have on access to care.
2. Understand both the far right and more moderate conservative criticisms of the AHCA as well as track responses by individual members of Congress.
3. Recognize President Trump's support for the AHCA and understand its impact on the Administration's health care agenda.

Congressional Budget Office releases evaluation of the AHCA, predicts 24 million Americans to lose coverage

On March 13, 2017 the [Congressional Budget Office](#) (CBO), along with the Joint Committee on Taxation, released its "[score](#)"

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of the AHCA. In its report, CBO estimates that the AHCA will reduce federal deficits by \$337 billion between 2017 and 2026. Unfortunately, those savings will come at a significant cost to access to care, with 24 million Americans estimated to lose coverage due to the AHCA during that same period. Additionally, the CBO estimates that if the AHCA were enacted, the federal government would spend \$880 billion less on Medicaid. This cut to Medicaid spending would likely result in narrower eligibility requirements and fewer benefits for Medicaid enrollees, as states would struggle to compensate for the loss of federal assistance.

Congressional Budget Office's role

The CBO is a nonpartisan agency charged with providing budget and economic information to Congress. Its mandate is to provide Congress with objective, nonpartisan, and timely analysis to allow Congress to make informed economic and budgetary decisions on programs funded by the federal budget, and to provide information and estimates required by the Congressional budget process. The CBO does not make policy recommendations—it only evaluates the potential impact of any proposed legislation. The CBO evaluates virtually every bill approved by Congressional committees and revises its evaluations as these bills are amended.

Because the AHCA would be passed as part of the budget reconciliation process, the CBO estimates of its impact on the federal deficit are especially important. This is because the budget reconciliation instructions require Congress to trim \$2 billion from the federal budget over the next ten years. As mentioned above, the CBO evaluation suggests that the AHCA more than meets this financial goal by trimming \$337 billion during this period.

Millions of Americans to lose coverage under the AHCA

The CBO's most striking conclusion was the immediate and devastating impact the AHCA would have on millions of Americans' access to health care coverage. Within a year, the AHCA would cause 14 million Americans to lose their health care coverage. By 2018, 6 million fewer Americans would be covered on the individual Market. Meanwhile, 5 million fewer Americans would be covered under Medicaid within a year. Another 2 million Americans would lose their employer-sponsored coverage because the AHCA eliminates the requirement that employers over a certain size offer health insurance to their full time employees.

The number of Americans who would lose coverage under the AHCA is estimated to increase as the years pass on. By 2026, the CBO anticipates that 24 million fewer Americans would be insured. At that point, 2 million fewer Americans would receive coverage through the individual Market. 14 million fewer Americans would be enrolled in Medicaid, according to the CBO. Another 7 million Americans would lose employment-based coverage.

Problems with the individual and employer based Markets under the AHCA

In its report, the CBO attributes the significant drop in individual Market enrollment within the first few years of passage to the AHCA's policy shifts. Most prominently, the CBO anticipates that the revised subsidy structure, which would scale by age rather than by income, would result in fewer lower income people being able to afford health care coverage. This is because by 2020, the average subsidy under the AHCA would be about 60 percent less than the average subsidy under the ACA. By 2026, the average AHCA subsidy would be half of the average subsidy under the ACA. While some individuals above 400% of the federal poverty level (FPL) would be eligible for subsidies under AHCA and not the ACA, most individuals would see a sharp decrease in their ability to purchase health insurance using their subsidies under the AHCA. Further, since the AHCA eliminates the individual mandate, many of these individuals would likely choose to forgo health insurance due to the high costs.

In addition, the CBO finds that the loss of the ACA's employer mandate would result in significantly fewer Americans having the option of employment-based coverage. By 2026, an estimated 7 million Americans will no longer receive coverage

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through their employer due to the AHCA. Many of these individuals are predicted to find their way to the individual Market, which is why the CBO anticipates that the projected decrease in the individual Market will be smaller in 2026 than in 2018.

Massive cuts to Medicaid under the AHCA

The CBO estimates that the AHCA would cut federal spending on Medicaid by \$880 billion or 17.6 percent over the next ten years. The projected drop in spending would largely be driven by moving Medicaid from an entitlement funding structure to per capita caps, as well as an overall reduction in federal funding for Medicaid expansion enrollees. By 2026, the CBO believes that Medicaid spending will be 25 percent less under the AHCA than it has been under the ACA. While the CBO's report does not address specific changes to state Medicaid benefit structures, it does note that the decreased funding would likely result in states cutting benefits. As discussed above, this drop in federal Medicaid spending would result in 14 million Americans, or 17 percent of those currently covered under Medicaid losing coverage. The CBO estimates that most of these individuals would end up uninsured. These reductions pose a particular threat to access to care for Medicaid enrollees with chronic conditions that that can be particularly expensive to manage.

Increased premiums and cost sharing under the AHCA

The CBO also concludes that changes implemented by the AHCA will result in increased premiums and financial burdens to many Americans. For example, the AHCA's continuous coverage requirement, which allows insurers to charge 30 percent more for applicants whose coverage lapsed for more than two months, will result in 2 million Americans being deterred from purchasing coverage. The CBO estimates that in 2018 and 2019, premiums in the individual Markets will be 15-20 percent higher than under the ACA. This anticipated increase results from the AHCA's elimination of the individual mandate and changes to the federal subsidy structure that will likely result in decreased enrollment among healthier individuals. By 2026, however, the CBO estimates that premiums under the AHCA will be 10 percent lower than under the ACA, largely due to the Patient and State Stability Fund¹ as well as the eliminate of actuarial value requirements.

Nevertheless, the AHCA's potential repeal of the ACA's actuarial value requirements is concerning because it will promote plans with poorer benefit designs. Actuarial value is the percentage of annual costs covered by the insurer rather than out of pocket by the consumer.² The ACA requires that all plans offered on the Marketplaces meet certain actuarial value standards, based on their metal level.³ The CBO believes that the AHCA's repeal of the actuarial value requirements will result in insurers offering plans that shift more of the annual cost of care to enrollees. Without actuarial value requirements, insurers will seek to increase the percentage of the annual cost of care covered out of pocket by consumers. This will make their plans more attractive to low cost healthier individuals while dissuading higher cost individuals, such as those living with chronic conditions and disabilities, from selecting their plans. Because of the removal of the actuarial value requirements, the CBO expects that individuals' cost sharing payments, such as deductibles and copayments, will be higher than under the ACA. This trend will be especially problematic for those with high annual health care costs who could face very high cost sharing requirements.

Congressional Republicans give the AHCA a lukewarm at best reception

The AHCA has not been received with open arms in Washington, D.C. Conservative members of Congress, including the

¹ The Patient and State Stability Fund is designed to distribute \$100 billion in funds to states over the next ten years. States may use these funds to provide financial assistance to high risk individuals, provide incentives to insurers and other entities to stabilize individual Market premiums, reduce the cost of insurance for high utilization enrollees, pay providers directly for provision of certain services and other programs designed to improve access to care in the private insurance system. States must apply for this funding and contribute some money themselves. Funds are allocated based on each state's relative share of national incurred claims, uninsured population size, and number of insurers participating in the Marketplaces.

² A plan with an actuarial value of 70 percent is designed to cover about 70% of its enrollees annual health care costs, with the remaining 30% of costs covered by deductibles and cost sharing.

³ For example, a silver level plan must have an actuarial value of 70% while a bronze level plan may offer an actuarial value of 60%.

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House Freedom Caucus, have [called](#) the bill “Obamacare lite” or “Obamacare 2.0.” Many of the far right members of Congress, including Senators Rand Paul (R-KY), Ted Cruz (R-TX), and Mike Lee (R-UT) primarily object to the continuation of the subsidies in any form and call for the ACA’s health care taxes to be eliminated earlier than the AHCA provides. These more conservative members of Congress are in agreement with many of the leading conservative think tanks, such as Heritage Action and the Cato Institute, who have come out against the AHCA. Overall, the far right believes the AHCA is too close to the ACA to be acceptable. This raises questions as to whether the AHCA will pass the House, where it will need the support of the Freedom Caucus and other far right representatives, as well as the Senate, in which it will need the vote of almost every Republican Senator to pass in the face of expected unified democratic opposition.

On the other hand, more moderate Republicans have also expressed concern over the AHCA. Four moderate Republican Senators, Rob Portman (R-OH), Cory Gardner (R-CO), Lisa Murkowski (R-AK), and Shelley Moore Capito (R-WV) released a [letter](#) last week criticizing an earlier draft of the AHCA because it did not protect Medicaid expansion. The current draft of the AHCA also phases out the expansion. Senator Susan Collins (R-ME), another moderate Republican, have publically [stated](#) that the AHCA as it currently stands is unlikely to receive a warm welcome in the Senate.

It is unclear whether Senator Collins’s prediction about the AHCA’s reception in the Senate will come to pass. It is clear, however, that Congressional Leadership faces a tough challenge of appealing to the far right, who wants to see a total repeal of the ACA, while still retaining the support of more moderate Republicans, who are worried about the loss of coverage that could occur due to the AHCA. Advocates should be sure to understand where their members of Congress stand with respect to the AHCA.

President Trump praises the AHCA

President Donald Trump, however, has been publically supportive of the AHCA. He [noted](#), “we’re going to have a tremendous success. It’s a complicated process, but actually its very simple. It’s called good health care.” He also stated that the AHCA “will lower costs, expand choices, increase competition, and ensure health-care access for all Americans.” Trump met with 20 Congressional Republicans last week to promote the AHCA and during those meetings promised that the AHCA will pass into law. Other key members of the Administration, including Office of Management and Budget Director Mick Mulvaney, also met with members of the Freedom Caucus to promote the AHCA. The White House [indicated support](#) for amendments to the AHCA designed to please the more conservative wing of the Republican Party, including phasing out Medicaid earlier and moving up other changes to the private insurance system. Other Administration officials, including Secretary of the Department of Health and Human Services Tom Price [noted](#) that the changes implemented by AHCA would be accompanied by administrative and regulatory initiatives designed to carry out the Republican health care agenda.

Advocates should consider President Trump’s demonstrative support of the AHCA as they prepare for any meetings or other interactions with the new Administration, including with the Department of Health and Human Services. Advocates should consider how the Administration can carry out administrative and regulatory changes that would complement the goals of the AHCA.

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