

# Repeal and Replace, But How?

*Legislative Town Hall*

March 2017



[coloradohealthinstitute.org](http://coloradohealthinstitute.org)



# CHI 'Strike Team' Tracks Federal Action



A series of reports on rebuilding the Affordable Care Act

- **ACA in Colorado**
- **Medicaid block grants**
- **High-risk pools**
- **Health savings accounts**

<http://coloradohealthinstitute.org/key-issues/detail/legislation-and-policy/re-aca>



# Three Takeaways

- 1 The Stakes:** Half a million Coloradans have health insurance because of the Affordable Care Act – mostly through Medicaid.
- 2 The Plan:** A House GOP repeal bill has been introduced that would cut Medicaid and rearrange tax credits.
- 3 The Likely Outcome:** Younger people would save while older, sicker people would likely pay more under GOP reforms.

THE STAKES

# Why Does Insurance Matter?



**Step 1**  
Get Insured



**Step 2**  
Access Care



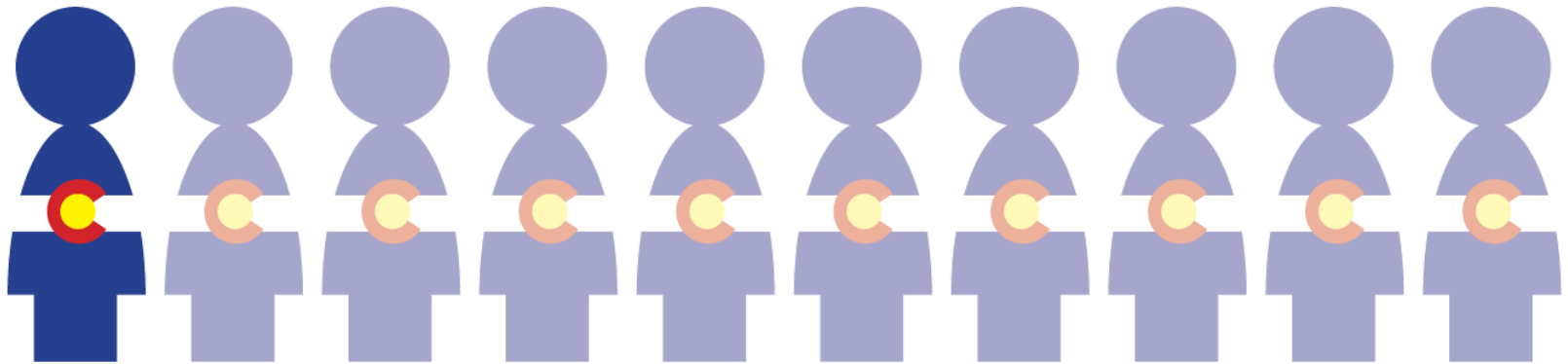
**Step 3**  
Use Care  
Wisely



**Step 4**  
Better Health,  
Cheaper Care

## THE STAKES

# 570,000 Insured Through ACA



One in 10 Coloradans has insurance coverage benefits through the ACA.

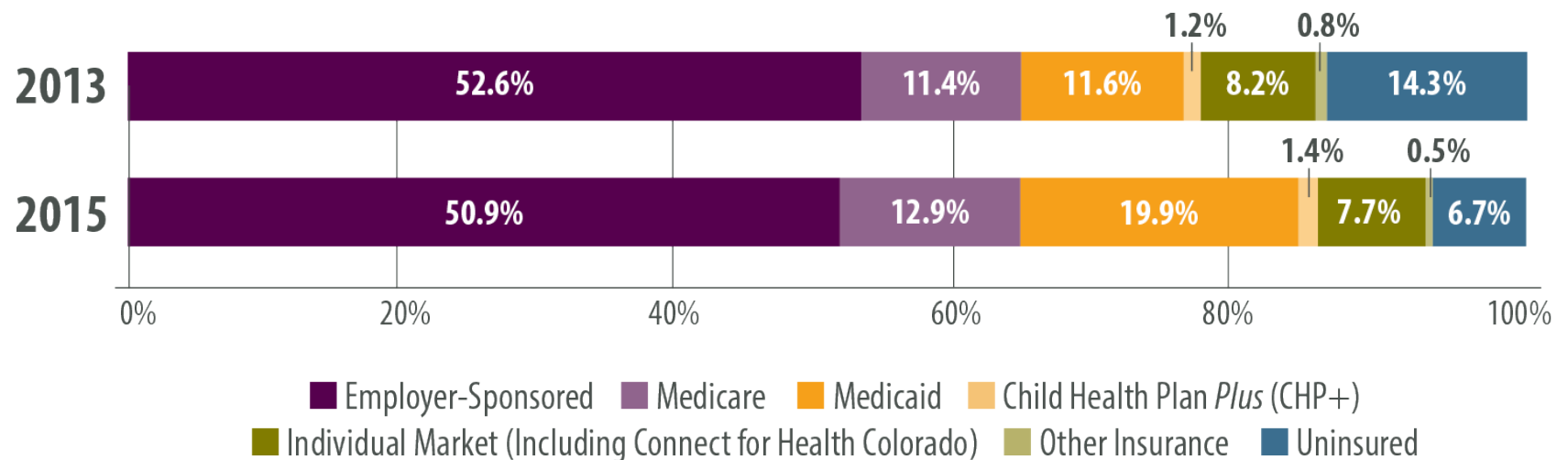
Medicaid = **465,000**

Connect for Health subsidies = **104,000**

## THE STAKES

# Colorado Uninsured Rate: 6.7 Percent

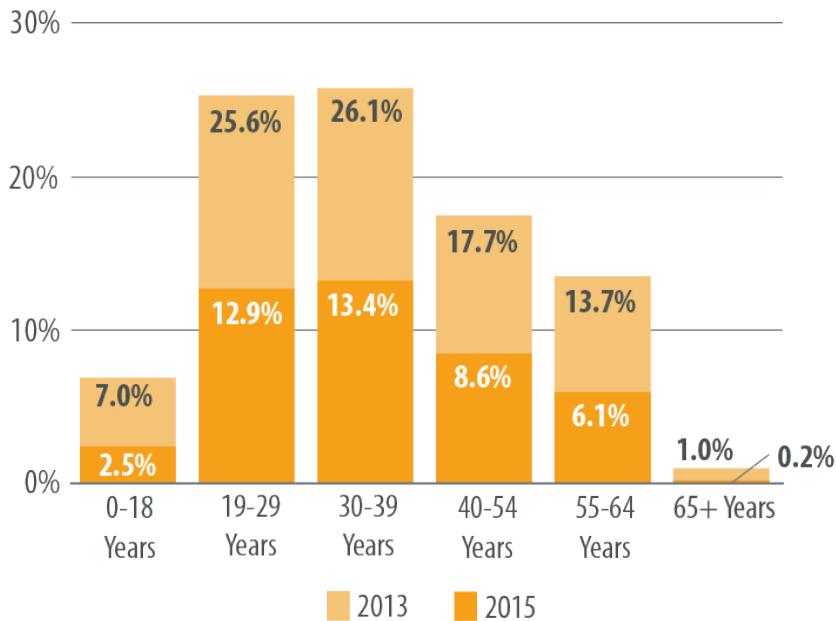
**A Surge in Medicaid and a Drop in Uninsured** Colorado Health Insurance Coverage, All Ages, 2013-2015



# ACA Winners: Young, Low- to Mid-Income

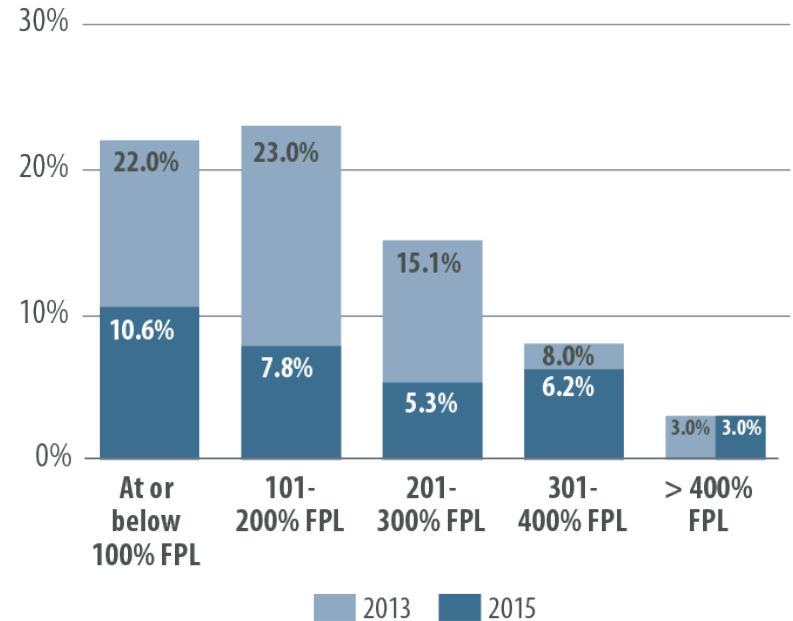
## Insurance Changes by Age

Uninsured Rates by Age, 2013-2015

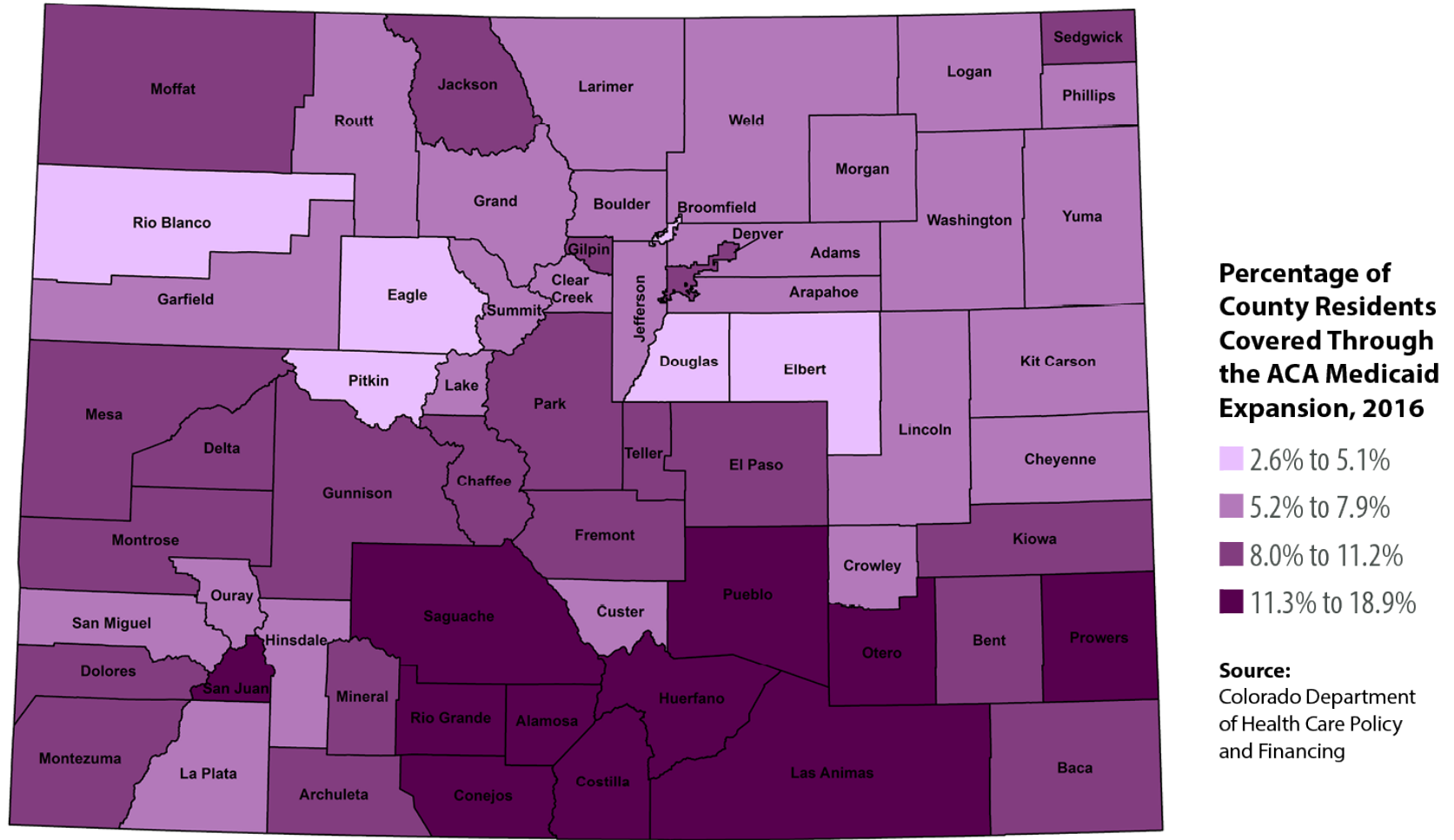


## Insurance Changes by Income

Uninsured Rates by Federal Poverty Level, 2013-2015

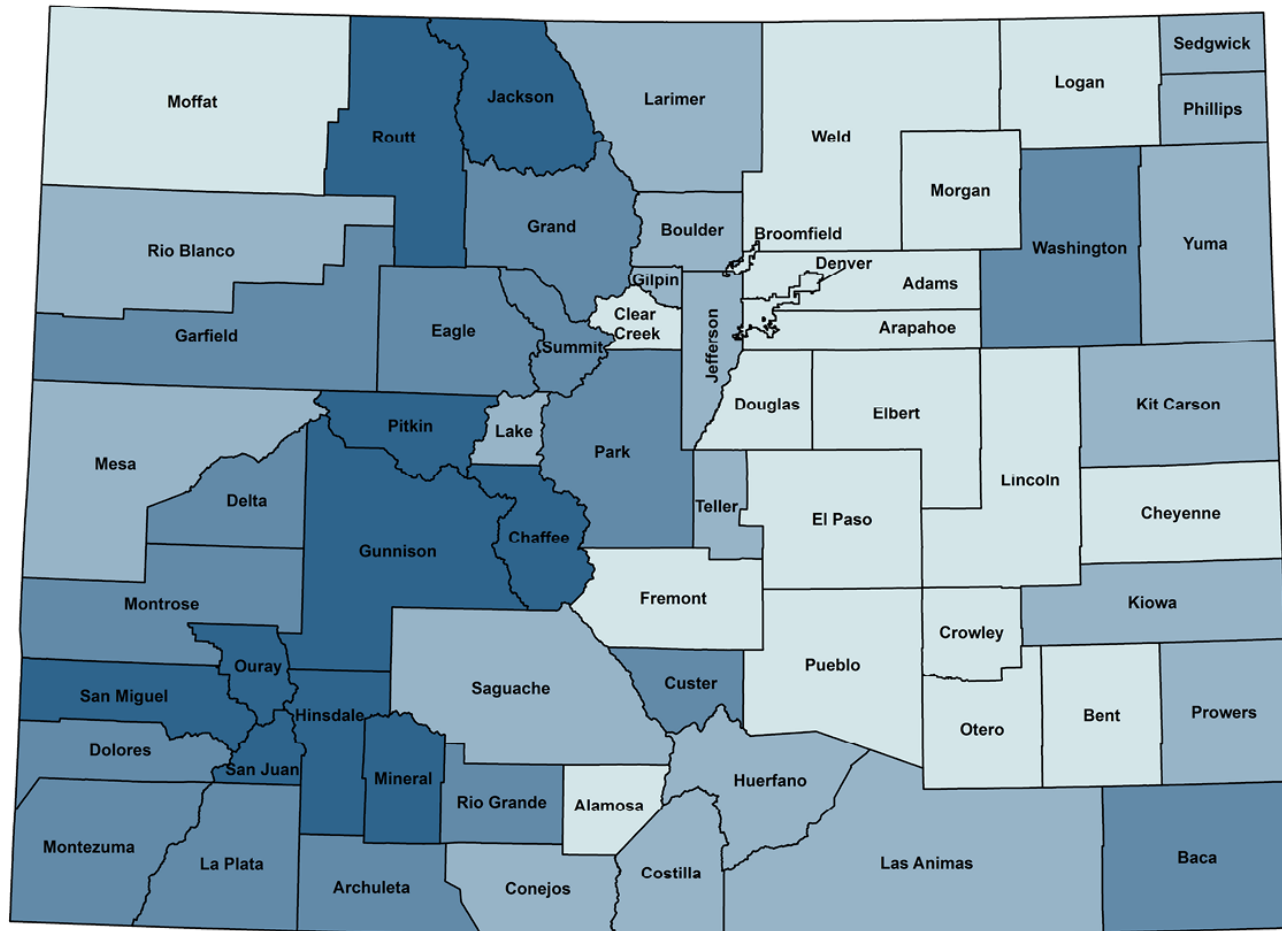


# Medicaid Expansion: A Rural Story





# Ski Country Loves Market Subsidies



**Percentage of County Residents Receiving ACA Subsidies to Buy Individual Market Insurance, 2016**

- 0.6% to 1.5%
- 1.6% to 2.4%
- 2.5% to 4.7%
- 4.8% to 8.2%

**Source:**  
Connect for Health Colorado

THE STAKES

# Federal Medicaid Funding is Crucial

**94% Feds, 6% States**

Current funding for ACA Medicaid expansion

**\$907 Million**

Cost to Colorado if Congress stops generous funding for ACA Medicaid expansion

# Deciphering the News from Congress

PowerPost

## House GOP leaders will elaborate on Obamacare plans

### The prospects of a quick Obamacare repeal are sinking fast

By John Sides February 19

### *Health Bill Would Add 24 Million Uninsured but Save \$337 Billion, Report Says*

By THOMAS KAPLAN and ROBERT PEAR MARCH 13, 2017



noto

### ays Obamacare repeal 'moving fast'

ONWAY | 02/17/17 06:41 AM EST

book [Share on Twitter](#)

ald Trump asserted Friday that Republican plans to repeal and : Obama's healthcare reform law are "moving fast," a counter to sion among Capitol Hill Republicans on the process.

# Washington's Power Centers



**Sen. Lamar  
Alexander:**

Repeal(?)  
and Repair



**Speaker  
Paul Ryan:**

Repeal and  
replace



**Sen. Rand  
Paul; Freedom  
Caucus:**

Repeal now

## PRIORITIES

Coverage and  
consumer costs

Ending tax credits and  
Medicaid expansion

# Washington's Power Centers



**President  
Donald Trump**

**Repeal it, replace it, get something great!**

**We're going to have insurance for everybody. There was a philosophy in some circles that if you can't pay for it, you don't get it. That's not going to happen with us.**

**I'm not going to cut Social Security like every other Republican, and I'm not going to cut Medicare or Medicaid.**

**I want to let the world know: I am 100 percent in favor (of the AHCA).**

**Nobody knew that health care could be so complicated.**

## THE PLAN

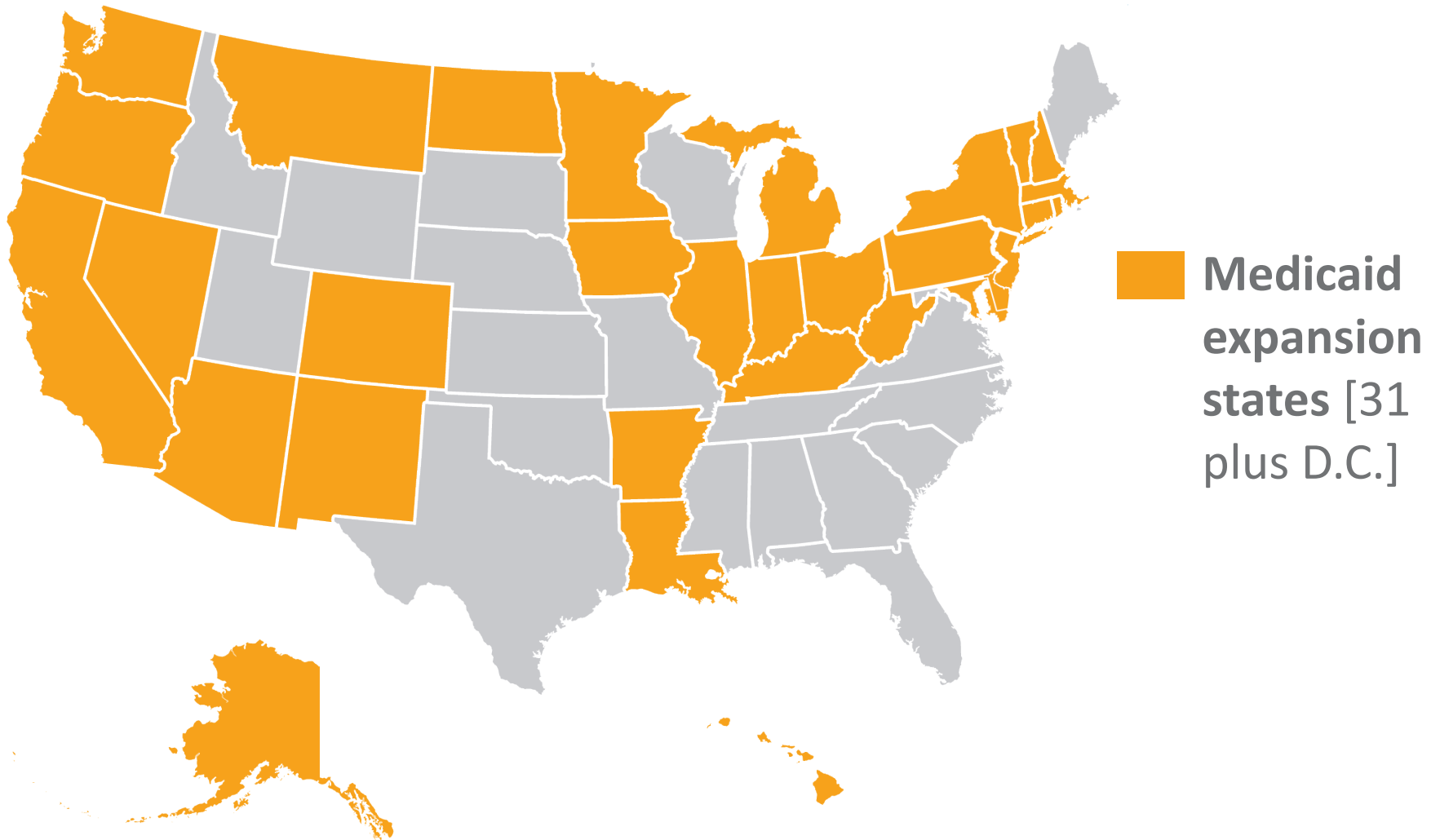
# The American Health Care Act

- Curbs Medicaid expansion
- Changes Medicaid funding
- Offers age-based tax credits
- Makes insurance cheaper for young, more expensive for older people
- Future impacts on Medicare



THE PLAN

# Medicaid: The Billion-Dollar Question



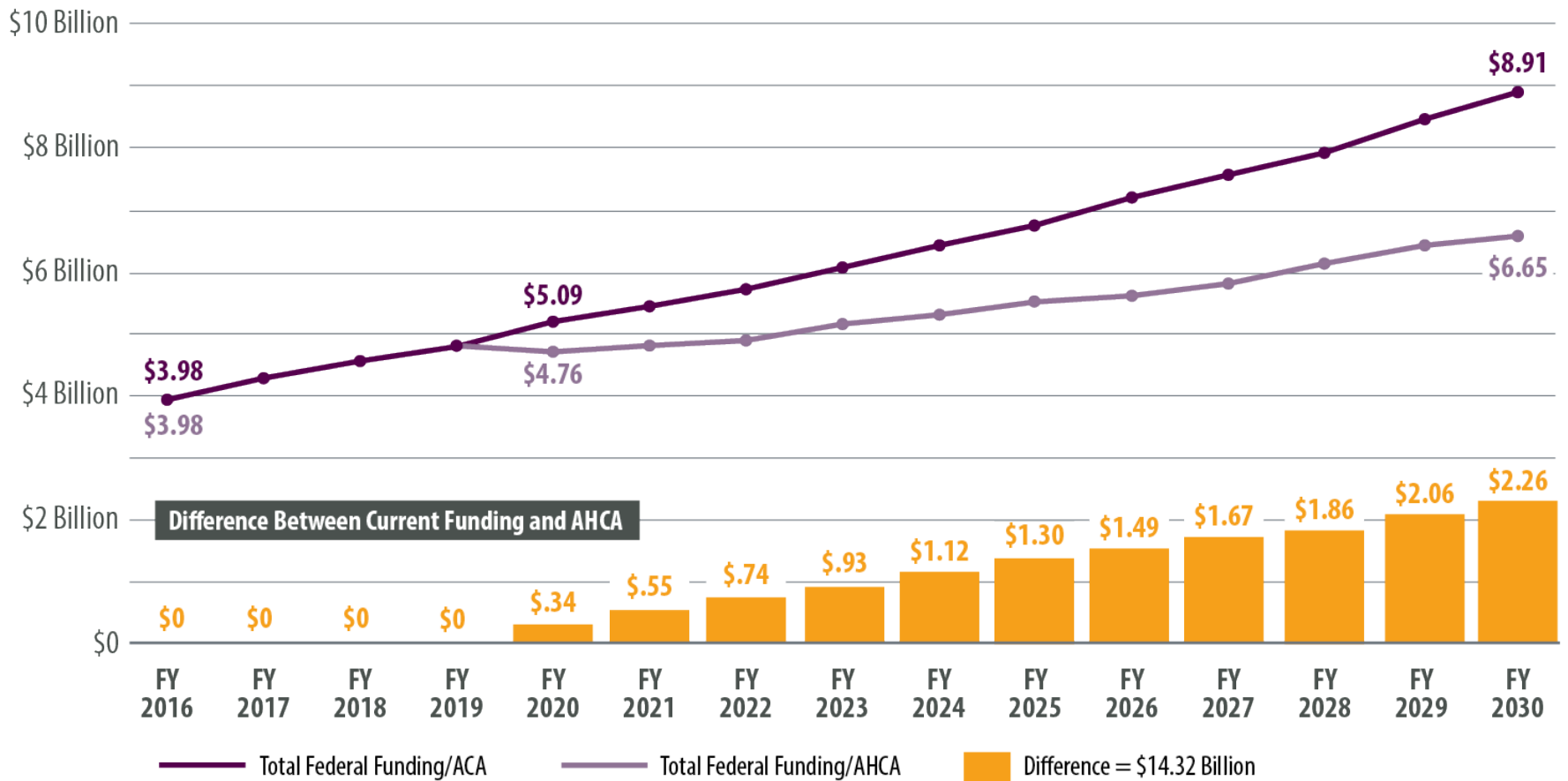
# Medicaid: The Billion-Dollar Question

- **Eligibility Expansion**
  - Closed as of 2020
  - Medicaid members in ACA expansion who lose eligibility after 2020 can't return and get federal funding
- **Per Capita Caps**
  - Starting in 2020
  - Funding grows by medical inflation



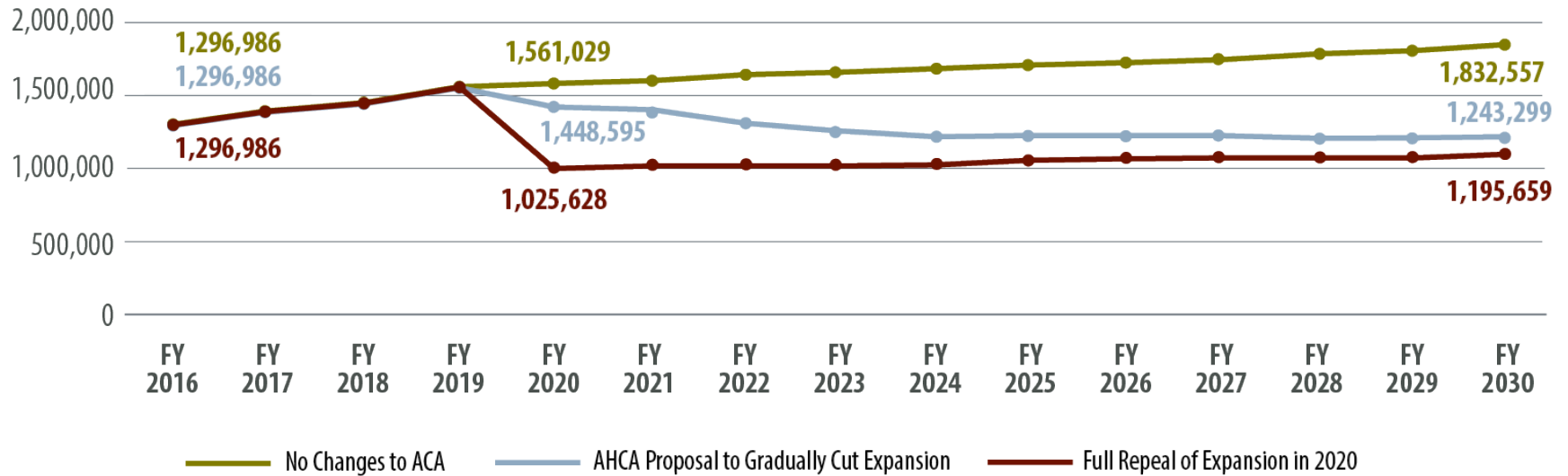
## THE PLAN

# Medicaid: The \$14 Billion-Dollar Question



## THE PLAN

# Medicaid: **600,000** Fewer Covered



# Private Coverage: Winners and Losers

- **Tax Credits**
  - Based on age, rather than insurance price and income
- **Individual Mandate Replacement**
  - 30% price penalty for dropping coverage
- **Age Rating**
  - Oldest customer could be charged five times as much as the youngest

Age	Premium for Silver Plan with 3:1 Age Rating (ACA)	Premium for Silver Plan with 5:1 Age Rating (Replacement Plan)	Change in Premium
21	\$2,840	\$2,120	-\$720
64	\$8,510	\$10,600	\$2,090

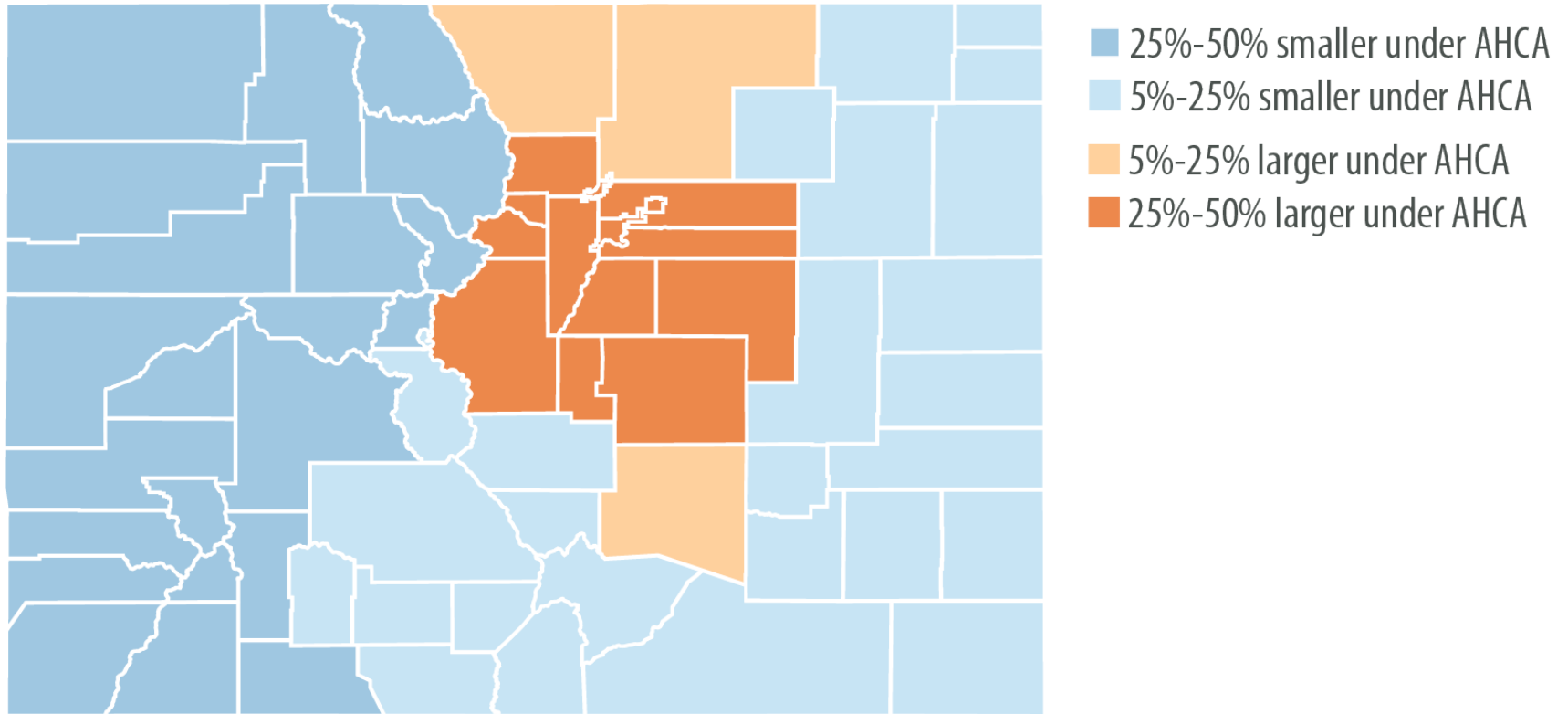
SOURCE: RAND Corporation

## THE PLAN

# Private Coverage: Winners and Losers

## Geographic Shifts in Tax Credits

AHCA Credits Compared with ACA for a 40-year-old making \$30,000



SOURCE: Kaiser Family Foundation

# Medicare: The Ice Gets Thinner

- **\$117 billion drop in revenue**
  - Medicare tax cut on high incomes
  - Accelerates Trust Fund insolvency to 2025 (from 2028)
- **\$43 billion jump in expenses**
  - Added payments to hospitals for uninsured
- **No changes to Medicare benefits**



# Other Features

- Cuts various taxes
- Defunds Planned Parenthood in 2018
- Supplies \$100 billion for state innovations
- Cuts public health fund
- Doesn't change:
  - Essential health benefits
  - Guaranteed insurance
  - 26-year-old benefits



# Not Promising for Rural Colorado

- Higher prices for older, less healthy people: probably worse for rural Colorado
- Apparently not on the table in D.C.:
  - Geographic variability in prices
  - Cost of health care



# GOP Proposals in 35 Words

Republican plans cover **fewer people** than the ACA currently does. They are generally **better** for people who are young, healthy, and higher income and **worse** for those who are older, sicker, and lower income.

*Sarah Kliff, Vox.com*



# Why Is It So Hard to End Obamacare?

- Republicans have promised a plan that is:
  - Better than the ACA.
  - More affordable.
  - Does not cause anyone to lose coverage.
- But all GOP plans cut Medicaid and result in 3 million to 24 million people losing coverage.
- Republican factions disagree on elements of the plan.





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