

## Impact of the ACA Repeal in Utah

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The new administration of Donald Trump, along with Republican control of both houses of Congress, threatens health coverage for millions of Americans and progress made in the last half-century with the enactment of Medicaid, Medicare, and the Affordable Care Act.

Dramatic rollbacks in health care and coverage is a top priority of both President-elect Trump and Speaker Paul Ryan, who has re-committed to his longstanding plan to cut Medicaid and Medicare. Many of those changes, as well as repeal of many (but not all) elements of the Affordable Care Act, could be passed through budget reconciliation, which only requires 51 votes in the Senate, a majority vote of the House, and the President's signature.

UHPP expects successful votes in Congress to repeal the Affordable Care Act to occur in February 2017. However, the impacts of the repeal will be delayed one, two, or even three years (after the 2018 midterm elections) while the replacement plan is developed by the Trump administration and Congressional Republicans.

For an updated timeline on the probable route for the GOP Congress to repeal and replace the ACA, check out [“Obamacare repeal: Here's the path forward”](#) from *Politico* (1/3/17) ([pdf](#))

### >>CONSUMER PROTECTIONS (including pre-existing conditions)

The Affordable Care Act put in place **key consumer protections against prior insurance company practices**, most notably by **prohibiting health plans from denying coverage or increasing premiums for consumers with pre-existing health conditions**. Other changes include requirements that insurers cover specific essential benefits, eliminate annual or lifetime caps, limit out-of-pocket costs, meet actuarial value requirements, not charge women differently than men, and limit differential premiums based on age.

All GOP replacement plans **would re-introduce discrimination against pre-existing conditions for consumers** who 1) don't sign up during an initial open enrollment period, or 2) fail to keep continuous coverage. These loopholes would make thousands of Utahns uninsurable through traditional coverage. According to a 2010 study, 476,000 Utahns under age 65 have a pre-existing health condition ([link](#)).

The return of pre-existing condition discrimination **would also strengthen “job-lock,”** which discourages workers from leaving jobs or making life changes due to their fear of losing access to affordable health insurance.

All GOP replacement plans would also **eliminate essential health benefits, allow insurers to charge women more than men**, eliminate pregnancy and maternity coverage, and **raise the age-based premium ratios for older consumers**---raising the cost of health insurance for people over age 40.

Because pre-existing condition discrimination would return, the GOP replacement plans would bring back high-risk pools to attempt to cover sick people who are now medically-rated (i.e.

charged more for health conditions) by insurers. Prior to the Affordable Care Act, **Utah's high-risk pools covered a maximum of 3,000 individuals (between 6-10% of the eligible population)** and left tens of thousands on sick Utahns without insurance coverage. For perspective, Utah's current ACA marketplace plans provide coverage to 164,000 individuals.

Besides charging 200% more than market standard premiums, **Utah's former high-risk pools included a 6-month waiting period to cover any pre-existing condition, an annual cap of \$300,000 in benefits, and a lifetime cap of \$1.5 million.** These limits harmed Utahns being treated for diabetes, cancer, and many other chronic, life-threatening conditions. Utah's high-risk pool also included a 10-month waiting period for maternity care, effectively excluding pregnancy from coverage.

The GOP Congress has sought to remove these consumer protections in 40+ unsuccessful votes to repeal the ACA through the normal legislative process. While these patient protections cannot be easily repealed under 51-vote budget reconciliation process in the Senate, President-elect Trump could hinder these protections through administrative actions, grant waivers voiding some guidelines, simply not implement or enforce some rules, and allow legal challenges to stand.

In addition, President-elect Trump has highlighted his proposal to **pre-empt state patient protections** by allowing out-of-state insurers to sell across state lines and avoid Utah's consumer protections. They include coverage of medically necessary care, standards on timely access to care, network adequacy, language access, and the right to appeal denials of care. For example, a Utah consumer with health insurance plan purchased in Iowa would have no recourse to make complaints or take corrective action through the Utah Department of Insurance.

## >>FINANCIAL ASSISTANCE TO BUY PRIVATE COVERAGE

**Over 87% of the 165,000 Utahns who buy coverage through healthcare.gov receive financial assistance** (tax credits). These subsidies cover 69% of the average monthly premium in Utah—modeling the pre-tax contribution that most workers with employer-based insurance receive. **About 72% of Utah enrollees also get subsidies to reduce annual deductibles and other cost-sharing such as co-pays for office visits and prescription drugs.**

Utah families will likely receive less financial assistance if the ACA is replaced. Under the ACA, **premium subsidies are determined based on income, age, and family size.** The current system benefits Utah's larger-than-average households and moderate family incomes. For instance, a Utah family of five earning \$80,000 a year (281% of the federal poverty level) receives a \$428/month subsidy in 2017.

Most of the GOP ACA replacement plans would remove family size and income as determinants for subsidies, making them entirely dependent on age. **ACA replacement plans would short-change Utah families thousands of dollars each year in financial assistance they currently depend on to make their insurance more affordable.** A young family of three living in Salt Lake County earning \$44,000 a year would lose \$73 a month under Rep. Price's subsidy plan. Two middle-income, senior citizens living in Washington County would lose \$710 a month (\$8,500 a year) under Rep. Price's plan.

The Utahns who would lose the most under a repeal of the current ACA subsidy system would be those with low- and middle-incomes (under 300% FPL), large families with kids, many older Utahns (over age 50), and people living in rural counties. The Utahns who would gain the most under an age-based rubric would be higher-income (+300% FPL) individuals, especially those between the ages of 35 and 40.

At 23%, **Utah has the nation's highest percentage of children (age 0-17)** enrolled in ACA insurance in the country. None of these children are eligible for Medicaid or CHIP and many would lose their access to affordable health insurance if the ACA was repealed.

The five ZIP Code communities with highest ACA enrollment in Utah are **Lehi, South Jordan, American Fork, Pleasant Grove, and St. George.**

The nearly **\$740 million in financial assistance and subsidies used by Utah families to purchase health insurance is targeted for repeal**—the 51-vote GOP reconciliation bill last year phased them out after two years.

**The loss of these tax credits will directly increase the cost of health coverage--by hundreds or even thousands of dollars—for over 100,000 Utahns.** The resulting loss of coverage would leave a smaller and sicker risk pool in the individual insurance market, **spiking the price of health premiums market-wide.**

Despite claims to the contrary, dozens of insurance plans linked to Health Savings Accounts are currently available on healthcare.gov for Utah consumers. The GOP goal of expanding Health Savings Accounts will not have an appreciable impact on insurance premiums or access in Utah.

## >>MEDICAID SAFETY-NET

**Medicaid provided coverage to nearly 418,000 Utahns in 2015**, almost 14% of the state population. Those covered by Medicaid include 263,000 children, 13,000 pregnant women, 15,000 senior citizens, and many other families and individuals living in poverty. Medicaid is a lifeline for those who otherwise don't have access to health care and provides a safety-net for any one of us who may suddenly lose a job or income.

Speaker Ryan's "Better Way" proposal ([link](#)) would **reduce the federal funding to cover low-income people living in Utah**, and cap the money going to states for Medicaid. Starting in 2019 states would be forced to choose between taking Medicaid funds either as a block grant or a per-capita cap, neither providing sufficient funding to cover Utah's ongoing needs. The result will be cuts to benefits, enrollment caps, or both—as well as the extension of the Utah Medicaid coverage gap.

For those who doubt that block-grant style Medicaid programs will result in coverage and/or benefit cuts, consider the fate of HB 437, Utah's 2016 micro-extension of Medicaid coverage. Initially, budget forecasts predicted that Utah's \$30 million contribution (matched by \$70 from the federal government) could cover 16,000 individuals. But later analysis determined that the \$100 million funding cap could only cover 10,000 individuals—so the enrollment limit was

reduced. The same shrinkage to benefits and/or coverage edibility will occur with Medicaid block grants.

The GOP Congress also seeks (passing last year in a 51-vote Senate reconciliation bill) to **repeal the Medicaid expansion under Obamacare, which could have provided affordable coverage to the 63,000 Utahns living in the Medicaid coverage gap.**

Repeal of Medicaid expansion option would close the door on providing coverage to the 63,000 Utahns in the coverage gap, and **prevent Utah hospitals and health providers from recouping the cost of charity care and uncompensated care they deliver at a loss**, while also undoing the security of a safety-net for all who otherwise lose coverage.

National estimates forecast the Ryan proposal will cut **Medicaid funding in half in ten years, endangering coverage for tens of thousands of low-income, elderly and young Utahns**, as well as forcing further funding reductions for hospitals and other health providers.

## >>THE GUARANTEE OF MEDICARE

Medicare covers 345,000 Utah seniors and people with disabilities.

Full repeal of the Affordable Care Act would **roll back the improvements in prescription drug coverage**, which is closing the so-called “donut hole,” and undo some cost-saving measures that have increased the sustainability of Medicare. Under the ACA, Medicare consumers in 2017 will pay no more than 40% (compared to 100% before the ACA) of the price for the brand-name drug while in the donut hole. In addition, 95% of the drug price (consumer cost plus the pharmaceutical contribution) will count as out-of-pocket costs and help consumers leave the coverage gap faster.

Speaker Paul Ryan has long advocated to **privatize Medicare into a “premium support” voucher program**, where Medicare beneficiaries would be given a set amount of money to help purchase (but not necessarily fully pay for) private plans. President-elect Trump has made similar references to “modernizing Medicare.”

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