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CONGRESSIONAL BUDGET OFFICE/JOINT COMMITTEE ON TAXATION OVERVIEW OF THE AMERICAN HEALTH CARE ACT – MAY 24, 2017

CATEGORY	EFFECTS (OVER 2017 – 2026)	CBO/JCT EXPLANATION
Deficit Reduction	<p>Net: \$119 Billion</p> <p>\$1.11 trillion decrease in spending, \$992 billion reduction in revenues.</p>	<p>Largest savings come from reductions in federal spending for Medicaid and replacement of ACA's premium subsidies for non-group insurance with new tax credits for non-group health insurance.</p> <p>Largest increases in the deficit come from repealing or modifying ACA tax provisions that are not directly related to health coverage.</p>
Health Coverage	<p>23 Million More Uninsured:</p> <ul style="list-style-type: none"> • 2018: 14 million • 2020: 19 million • 2026: 23 million <p>In 2026, an estimated 51 million Americans under age 65 would be uninsured, compared to 28 million under current law.</p>	<p>Medicaid: CBO estimates 14 million fewer enrollees by 2026, including people currently eligible for Medicaid and others who would be among those, under current law, that would become eligible in the future as additional states expanded Medicaid.</p> <p>Non-group Market: CBO estimates roughly 8 million fewer than under current law; rising to 10 million in 2020 when the new tax credits first become available; and about 6 million in 2026. Fewer people would enroll because the individual mandate penalty would be eliminated, and because, starting in 2020, the average subsidy for coverage would be substantially lower for most people currently eligible for subsidies.</p> <p>The increase in uninsured would be disproportionately larger among older people with lower income – people between 50 and 64 years old with incomes below 200 percent of the FPL.</p>
Stability of Health Insurance Market	<p>Under AHCA, non-group markets would continue to be stable in most areas of the country – until 2020, after which the non-group market would start to become unstable for 1/6 of the population.</p>	<p>Under AHCA, key factors supporting market stability in most states before 2020 include: subsidies to purchase insurance and the Patient and State Stability Fund, which would lower premiums by reducing the costs to insurers of people with high health expenditures.</p> <p>However, 1/6 of the population resides in areas in which the non-group market would start to become unstable – particularly for people with higher-than-average health care costs – beginning in 2020, resulting from market responses to state decisions to waive requirements for essential health benefits (EHBs) and community-rating.</p>
Effects on Premiums (Non-group Market)	<p>Average premiums would increase by about 20 percent in 2018 and 5 percent in 2019.</p> <p>Starting in 2020, average premiums would start to decrease. By 2026, average premium reductions would vary across the population (see explanation):</p> <ul style="list-style-type: none"> • One-half: 4 percent lower • One-third: 20 percent lower • One-sixth: No estimate 	<p>About half the population resides in states that would not request waivers, where average premiums would be about 4 percent lower in 2026 than under current law, primarily because of repeal of the age-rating provisions after 2019.</p> <p>About one-third of the population resides in states that would make moderate changes to market regulations, where average premiums would be roughly 20 percent lower in 2026 (range of 10 – 30 percent) than under current law, primarily because plans would provide fewer benefits.</p> <p>About one-sixth of the population resides in states that would obtain waivers for both EHBs and community-rating. In those states, premiums would be lower and would vary significantly based on health status and types of benefits provided. CBO could not estimate how much lower those premiums would be, due to significant variation around the average.</p>



COMPARISON OF CBO/JCT SCORES OF AHCA – MAY 24, 2017

CATEGORY (2017 – 2026)	AMERICAN HEALTH CARE ACT INTRODUCED MARCH 6, 2017	AMERICAN HEALTH CARE ACT MANAGER'S AMENDMENT MARCH 20, 2017	AMERICAN HEALTH CARE ACT FINAL PASSED BY HOUSE MAY 4, 2017
Deficit Reduction	Net: \$337 Billion <ul style="list-style-type: none"> \$1.2 trillion spending decrease \$883 billion revenue reduction 	Net: \$150 Billion (-\$187 Billion) <ul style="list-style-type: none"> \$1.15 trillion spending decrease \$999 billion revenue reduction 	Net: \$119 Billion (-\$32 Billion*) <ul style="list-style-type: none"> \$1.11 trillion spending decrease \$992 billion revenue reduction
Health Coverage	24 Million More Uninsured <ul style="list-style-type: none"> 2018: 14 million 2020: 21 million 2026: 24 million 	24 Million More Uninsured <ul style="list-style-type: none"> 2018: 14 million 2020: 21 million 2026: 24 million 	23 Million More Uninsured (-1 Million) <ul style="list-style-type: none"> 2018: 14 million 2020: 19 million 2026: 23 million
Premiums (Nongroup Market)	<ul style="list-style-type: none"> Average premiums up 15 – 20 percent in 2018 and 2019 Average premiums start to decrease after 2020, expected to be down 10 percent by 2026 	<ul style="list-style-type: none"> Average premiums up 15 – 20 percent in 2018 and 2019 Average premiums start to decrease after 2020, expected to be down 10 percent by 2026 	<ul style="list-style-type: none"> Average premiums up 20 percent in 2018 and 5 percent in 2019 Starting in 2020, average premiums would start to decrease. By 2026, average premium reductions would vary across the population: <ul style="list-style-type: none"> One-half: 4 percent lower One-third: 20 percent lower One-sixth: No estimate
Major Policy Changes	<ul style="list-style-type: none"> Age-based premium tax credit (2020) Eliminates penalties for individual & employer mandates (2016) Continuous coverage surcharge (30 percent of premiums, 2018) Risk pool stabilization grants to states (\$100 billion, 2018 – 2026) Freezes Medicaid expansion enhanced federal match (2020) Medicaid per-capita caps tied to CPI-U Medical (2020) Repeals age-rating and AV plan requirements (2018) Delays Cadillac tax until 2025 Repeals ACA taxes and fees (2018) 	Relative to Previous AHCA: <ul style="list-style-type: none"> Lowers income threshold for deducting health expenses from 10 percent to 5.8 percent Prevents additional states from expanding Medicaid (March 2017) Allows states to impose Medicaid work requirements (October 2017) Increases Medicaid per capita caps for elderly/disabled to CPI-U Medical+ 1 percent Allows states to choose between Medicaid per capita caps or block grants (2020) Postpones Cadillac tax one more year, until 2026 Accelerates repeal of ACA taxes and fees to 2017 	Relative to Previous AHCA: <ul style="list-style-type: none"> Allows states to waive ACA requirements for EHBs and community-rating (2018) Provides \$15 billion for Federal Invisible Risk Sharing Program (2018 – 2026) Provides \$15 billion for maternity coverage, newborn care, and mental health and substance use disorders (2020) Provides \$8 billion for states that obtain community-rating waivers to use for reducing premiums for those with preexisting conditions (2018 – 2023) Postpones repeal of Additional Medicare Tax to 2023

* Numbers may not sum perfectly due to rounding.

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