Health Care Reform: How Questions of Shared Risk and Responsibility Underlie the Current Federal Debates

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Affordable Care Act (ACA) Background

• 20 million fewer uninsured, from 16.0% in 2010 to 8.8% in January – September 2016
  (CDC National Health Interview Survey)

• 9.4 million Marketplace enrollees receiving average monthly premium subsidies of $291 in March 2016
  (Center for Medicare and Medicaid Services)

• 11.2 million enrolled in Medicaid expansion in 31 states in March 2016
  (Kaiser Family Foundation)
American Health Care Act (AHCA): Individual Market

Proposed bill includes:

– Age rating limited to 5:1 (instead of ACA’s 3:1)
– Age-adjusted tax credits for individual market
– Repeal individual mandate, add premium surcharge for not having continuous coverage
– State stability fund
– Invisible risk sharing program
Premium Tax Credit Example

Annual Premium for a 64 year old earning $26,500 (175% Federal Poverty Level), 2026

Source: Congressional Budget Office, March 13, 2017

<table>
<thead>
<tr>
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<th>ACA</th>
<th>AHCA</th>
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<tbody>
<tr>
<td>Premium Tax Credit</td>
<td>$13,600</td>
<td>$14,600</td>
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<tr>
<td>Enrollee Contribution</td>
<td>$1,700</td>
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<tr>
<td>Total Premium</td>
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87% actuarial value

65% actuarial value
Other Federal Policy Proposals for Individual Market

Regulations finalized mid-April 2017:

- Shorten open enrollment period
- Increase verification requirements for mid-year enrollment based on qualifying events

Other proposals/ pending decisions:

- Funding cost sharing reductions (NFIB v. Sebelius)
- Eliminate/ narrow essential health benefits (state option?)
- Eliminate community rating (state option?)
Effects on Individual Market

- **Congressional Budget Office enrollment projections for AHCA:**
  - ACA: 21 million in 2020, 20 million in 2026
  - AHCA: 12 million in 2020, 18 million in 2026
  - Younger, healthier enrollment under AHCA

- **AHCA and other proposals could shift costs from:**
  - Higher-income to lower-income
  - Young to old
  - Men to women
  - Healthy to sick
American Health Care Act: Medicaid

Proposed bill includes:

– Reduction in federal spending for Medicaid Expansion
– Caps on per enrollee federal spending
– Other changes to Medicaid

Congressional Budget Office projects:

– 14 million, or 16%, fewer Medicaid enrollees in 2026
– $880 billion less federal Medicaid spending from 2017-2026 (CBO), or 27% less in 2026
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Labor Center publications on ACA Repeal & Medi-Cal:
http://laborcenter.berkeley.edu/topic/health-care/