

Outlook for Health Reform

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Association for Community Health Plans***

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Key BCRA Provisions

BCRA	
Insurance Regulation	<ul style="list-style-type: none"> • Terminates penalties for individual and employer mandate, effective upon enactment • Increases the age band to 5:1 from 3:1 and allows states to adjust it further • Requires a six-month waiting period for persons with more than a two-month break in coverage • Eliminates the Medical Loss Ratio requirement of the ACA • Provides \$50 billion over four for CMS to help stabilize markets and encourage insurer participation through risk reduction mechanisms. • Provides \$62 billion to the states to fund programs to subsidize high-risk patients and stabilize premiums • Amends the section 1332 waiver process of the ACA to allow easier approval of plans narrowing essential health benefits and changing other regulations
Tax Credits	<ul style="list-style-type: none"> • Replaces the ACA's income-adjusted tax credits with new age and income-adjusted credits up to 350% of the FPL and tied to a 58% actuarial value plan • Allows persons not enrolled in Medicaid with incomes below the FPL to be eligible for the credits
Medicaid	<ul style="list-style-type: none"> • Phases down the federal enhanced match for ACA expansion population over the period 2021 to 2024; states could keep eligibility for this population post-2023 at the standard FMAP • Beginning in 2020, establishes a new upper limit on federal Medicaid payments to the states based on historical per person spending for five eligibility groups, indexed to medical CPI (medical CP+1% for elderly and disabled); beginning in 2025, the caps for all groups would be indexed to CPI
Taxes	<ul style="list-style-type: none"> • Cuts most ACA tax increases, effective in 2017 • Postpones imposition of the Cadillac tax until 2026 • Delays repeal of the high-income Medicare surtax until 2023

CBO Estimate of the BCRA

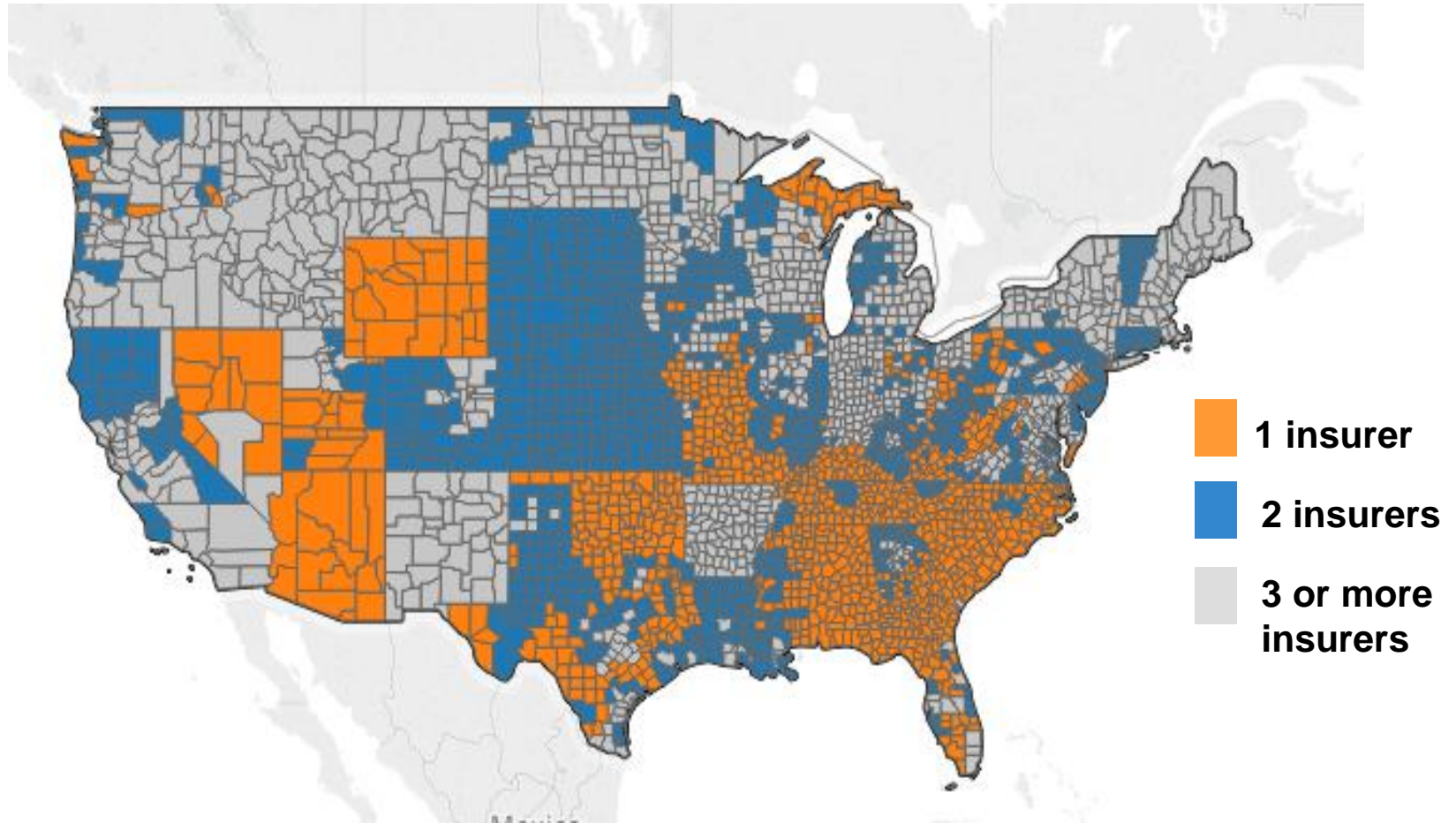
Fiscal Effects	<ul style="list-style-type: none">• Spending: - \$1.022 trillion over ten years• Revenue: - \$0.701 trillion over ten years• Deficit Reduction: - \$0.321 trillion over ten years
Coverage	<ul style="list-style-type: none">• Increase in the number of uninsured by 15 million in 2018, and 22 million in 2026
Premiums	<ul style="list-style-type: none">• 2018: + 15 percent• 2019: + 10 percent• 2026: - 20 percent (with wide variation among states)
Market Stability	<ul style="list-style-type: none">• <u>Non-waiver and moderate waiver states:</u> Subsidies are sufficient to keep individual insurance market afloat• <u>Aggressive waiver states:</u> market instability and exclusion of high-cost cases

CBO Assumptions

CBO assessed the AHCA against the March 2016 baseline, which assumes:

1. There will be 18 million people enrolled in coverage through the ACA exchanges in 2018 (up from 12 million in 2017)
2. Many non-expansion states will adopt the Medicaid expansion in the coming years, increasing the percentage of the potential eligible population living in expansion states from 50 to 80 percent
 - Because of this assumption, CBO estimates there will be 5 million people who are not eligible for Medicaid today but would be in 2026 under current law

Insurer Participation in ACA Exchanges, 2017



Source: Kaiser Family Foundation

Possible Additional Changes to the BCRA

- 1. Further Slow Phase-Out of Medicaid Enhanced Match**
- 2. Provide a New Separate Fund for Opioid Crisis**
- 3. Facilitate/Fund Larger Role for HSAs**