

Congressional City Conference



The Affordable Care Act: Preparing for Change

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#NLCDC

Overview of the Session

Background:

- What impacts has the ACA had?
- What are the potential impacts of the main alternative proposals?

Discussion:

- What has the impact of the ACA been for cities?
- What can cities be planning or doing to prepare for health system changes?

Impact of the ACA: Coverage

- **Coverage expansion through private insurance**
 - Every state has a “marketplace” or “exchange” for individual and small group coverage
 - People are eligible for subsidies:
 - Premium subsidies for people 100-400% of the FPL
 - And cost-sharing subsidies for people 100-250% of the FPL
 - Subsidies are based on income and cost of insurance (including cost based on geographic variation)
- **Coverage expansion through Medicaid**
 - 31 states plus DC have expanded to cover all adults up to 138% of FPL

Overall: Approximately 20 million people gained coverage

Impact of the ACA: Insurance regulations

Under ACA, all individual and small group plans must:

- **Issue plan to anyone in open enrollment regardless of health status**
- **Renew plan regardless of health status**
- **Charge the same regardless of health status (can only consider smoking and 1:3 age ratio)**
- **Cover ten categories of essential health benefits (also applies to Medicaid expansion plans)**

Impact of the ACA: Insurance regulations (cont).

Under ACA, nearly all private plans – individual, small group, and large group – as well as Medicaid expansion plans must cover a set of evidence-based preventive services without imposing any cost sharing on the enrollee

The American Health Care Act (2017)

With regard to private coverage, the House bill would:

- **Eliminate individual mandate penalty, but apply 30% premium penalty to anyone with a gap of more than two months**
- **Change premium subsidies to a fixed amount based on age, phased out above \$75,000**
 - 27 year old: \$2000/year
 - 40 year old: \$4000/year
 - 60 year old: \$6000/year
- **Eliminate cost-sharing subsidies**

The American Health Care Act (2017)

With regard to insurance market protections, the House bill would retain some, e.g.:

- Guaranteed issue and renewability**
- No higher charge for pre-existing conditions**
- No annual or lifetime limits**

However, such changes could be made in subsequent/accompanying legislation

For Medicaid expansion enrollees, House bill would remove essential health benefits requirements and preventive services coverage without cost sharing

The American Health Care Act (2017)

The House bill would make two fundamental changes to Medicaid:

- Essentially phase out the ACA expansion by withdrawing the enhanced federal share currently paid for expansion enrollees for any enrollee with a month or more gap in coverage
- Convert all of Medicaid to a “per capita cap” program beginning in 2010

Center for Budget and Policy Priorities estimates that over ten years, these changes will shift **\$370 billion cost to states** (<http://www.cbpp.org/research/health/house-republican-health-plan-shifts-370-billion-in-medicaid-costs-to-states>)

The American Health Care Act (2017)

With regard to Medicaid, the House bill would also:

- **Reduce minimum state eligibility for children in Medicaid from 138% back down to 100% (pre-ACA level)**
- **Decrease state flexibility on retroactive eligibility, citizenship documentation, home equity disregard, eligibility redeterminations**
- **Prohibit any Medicaid funding for Planned Parenthood for one year, for any services**

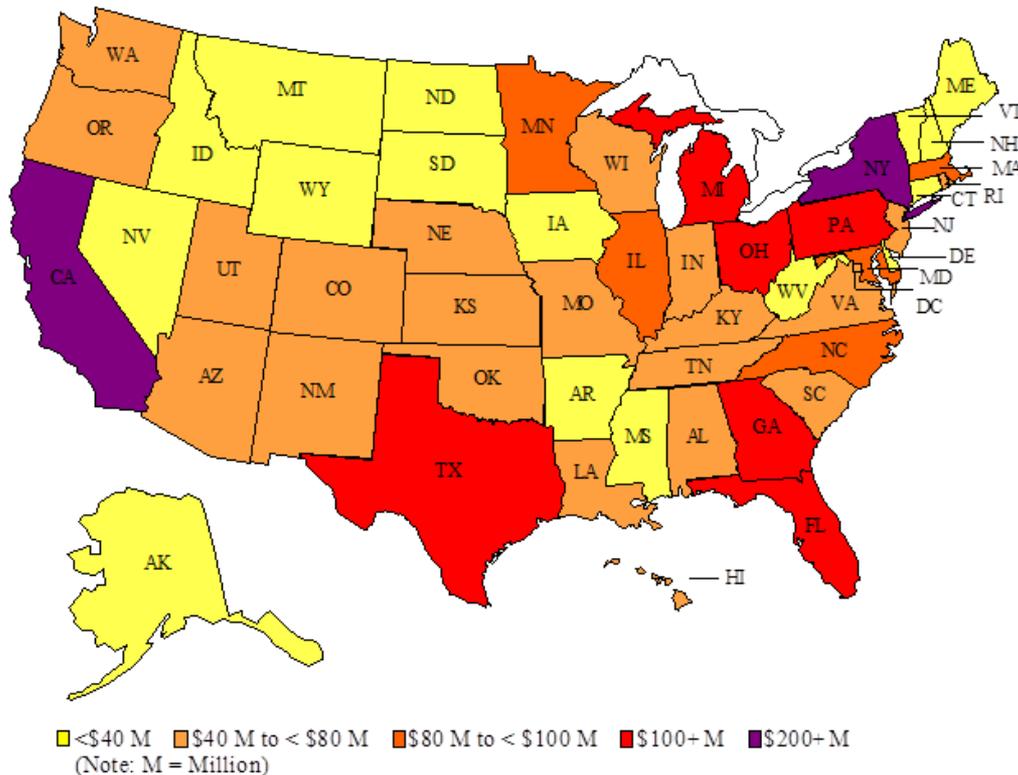
Hot off the Press CBO Estimates (released yesterday)

- **Bill would reduce federal deficit by \$337 billion**
- **Insurance markets may remain relatively stable**
- **Compared to current law:**
 - 14 million people would lose coverage by 2018
 - 26 million people would lose coverage by 2026:
 - 14 million from Medicaid (about 17% shrinkage of program compared to current law)
 - 2 million from individual insurance
 - 7 million from employer insurance
- **An overall 52 million uninsured in 2026 – about 19% of all nonelderly adults, compared to 10% under current law**

Prevention and Public Health Fund

Mandatory funding stream created by ACA to support prevention and wellness; AHCA would eliminate

Prevention and Public Health Fund: Potential Loss of Funding in The Next Five Years,
Based on Fiscal Year 2016 Awards Granted by CDC to States



From Trust for America's Health,
Jan 2017

<http://healthyamericans.org/reports/prevention-fund-state-facts-2017/>

Other NLC Priorities

- **AHCA would eliminate the ACA’s “Cadillac Tax” (until 2025)**
- **Would not change the Community Benefit requirement for nonprofit hospitals**

What Does This All Mean for Cities?

- **Coverage changes**
- **Insurance market changes**
- **Medicaid impact**
- **Other state/local health coverage and access efforts**
- **Impact of loss of prevention and public health funds**
- **Potential loss of other discretionary health dollars**
- **Benefits for cities?**

Questions?

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