

Repealing the ACA: Coverage Consequences

Issue: Eliminating the Affordable Care Act (ACA) premium tax credits and cost-sharing reductions without providing similar support to sustain current coverage and consumer protections will have a significant negative affect on consumers, hospitals, and the health insurance market.

Background: To make health care insurance coverage affordable to lower-income people and their families, the ACA provided premium tax credits, on a sliding scale based on income, to individuals with incomes between 100 percent and 400 percent of the federal poverty level (FPL). Individuals with incomes between 100 percent and 250 percent of the FPL also were eligible for cost-sharing reductions to defray the cost of copayments, deductibles, and other cost-sharing.

These premium tax credits and cost-sharing reductions enabled low-income, working Pennsylvanians the ability to secure health insurance coverage:

- During 2016, more than 412,000 Pennsylvanians enrolled in health insurance plans through the federally facilitated health insurance marketplace—78 percent, or nearly four out of five enrollees—and relied on an average monthly premium tax credit of \$248 to afford their health coverage
- Almost sixty percent of enrollees depended on financial support by way of cost-sharing reductions to obtain coverage for \$100 or less during 2016

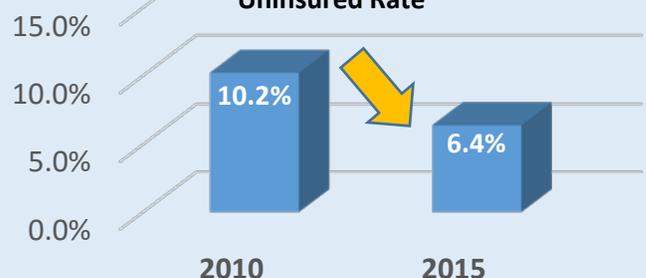
Implications for Pennsylvania: From 2010 to 2015, the uninsured rate dropped from 10.2 to 6.4 percent—a 40 percent reduction in the percent of uninsured. If the ACA is repealed, there will be a significant impact on consumers, hospitals, and health insurers.

HAP Recommendations

In light of the consequences of the elimination of premium subsidies and cost-sharing reductions on consumers, hospitals, and insurers:

- Congress should not repeal the ACA without passing a simultaneous replacement approach
- Any replacement approach should provide coverage that is commensurate or greater than current coverage and consumer protections
- If the ACA is repealed without passing a simultaneous replacement approach, Congress must prospectively restore payment reductions included in the ACA

Reduction of 3.8 Percentage Points in the Uninsured Rate

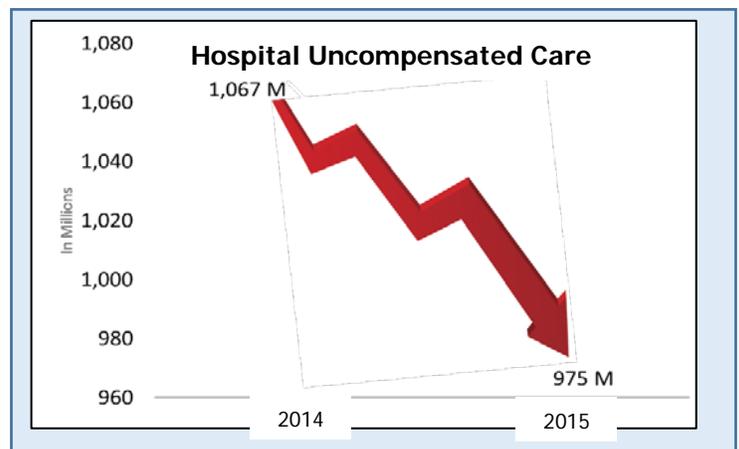


Consumers: Since the enactment of the ACA, fewer U.S. families report having trouble paying medical bills.

- Individuals and families could lose their coverage because they no longer are able to afford their premium payments or their plan is terminated
- Pennsylvanians could be forced to switch plans because their coverage has been disrupted or is too expensive; they might lose access to their doctor and/or hospital
- All individuals who purchased health insurance through the marketplace or on the individual market could see premium increases, greater out-of-pocket costs, and more restricted benefits
- Families could have to make undesirable decisions in prioritizing their health care needs.
- Any disruptions in continuous coverage or the continuity of care could result in bad health outcomes

Hospitals:

- Hospital uncompensated care (bad debt and charity care) decreased for the first time after years of growth, from \$1.067 billion during 2014, to \$975 million during 2015. If health insurance coverage is not sustained, hospitals likely will face an increase in uncompensated care.
- Bad debt expenses will increase as Pennsylvanian's struggle with the affordability of their coverage and health care expenses, and in particular, for individuals who are only able to afford premiums, but unable to pay deductibles or copays for services.
- In conjunction with the implementation of the ACA, hospitals agreed to payment cuts in exchange for expanded coverage. If Congress undertakes ACA repeal without simultaneous replacement, the impact of the ACA-mandated hospital cuts will amount to \$14.9 billion for Pennsylvania hospitals, according to a study commissioned by the American Hospital Association and performed by Dobson Davanzo.



WITHOUT ACA REPLACEMENT

\$14.9 BILLION IN MEDICARE AND MEDICAID CUTS FOR PENNSYLVANIA HOSPITALS



Health Insurers:

- During 2017, the federally facilitated health insurance marketplace in Pennsylvania included ten insurers—down from 15 plans during 2016 with an average of 50 health plans per county for consumers to choose from.
- There is concern that, for 2018 and beyond, disruption in the insurance market will impact insurers and their covered lives, particularly in the individual market:
 - Insurers will question whether to participate in the federally facilitated health insurance market
 - Insurers could seek large rate increases, which will further impact and distort the insurance market
 - The enormous potential for adverse selection will disrupt the insurance pool and make it less likely that insurers will continue to offer coverage in the individual market

Sources:

American Hospital Association, Dobson Davanzo
Commonwealth Fund
Kaiser Foundation
Pennsylvania Health Care Cost Containment Council
U.S. Census

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