

# CBO and the American Health Care Act

## CRUEL | COSTLY | CORPORATE

Summary by Wayne Caswell, Modern Health Talk, 3/17/2017

### CBO FINDINGS

- **DEFICIT:** \$337 billion less in 2026 (\$1.2T less spending over 10 years, but \$900B less taxes)
- **COVERAGE:** Uninsured rates would rise with costs as federal funding shrinks
  - **24M more uninsured** by 2026 than under ACA (14M by 2018, 21M by 2020)  
White House analysis = 26M
  - **52M total** uninsured by 2026 **vs. 28M** under ACA (double)
- **COST:** Premiums would rise 15%-20% in 2018 and 2019, then fall by 10% in 2026
  - Less services covered, including preventative care
  - Seniors will pay 5 times more than a young person, an increase from today's 3:1 rate ratio
- **SUBSIDIES:** Credits based on Age replace Subsidies based on Income <\$75K
  - Y/E tax credits replace monthly subsidies for insurance (**NOT CONSIDERED?**)
  - Tax credits range from \$2,000 if under 30 to \$4,000 for age 60+
  - Affluent families who didn't qualify for subsidies get a \$2,000 windfall
  - Large families disadvantaged with cap of \$14,000/family
  - Poor families will get \$3,000 LESS
- **AGE:** Costs up more for older Americans, down for younger
  - 21-year-old making \$25,500/year in 2026 would pay \$1,700 in premiums for insurance under ACA. Under AHCA, he would pay **\$1,450** (15% less)
  - 64-year-old making \$26,500/year in 2026 would pay \$1,700 in premiums for insurance under ACA. Under AHCA, he would pay **\$14,600 (750% more, and > half his annual income)**, even after \$4,000 tax credit
- **NOT CONSIDERED:** The CBO estimates apparently did not consider several things:
  - **Emergency Care:** Allowing more uninsured people to progress into crisis will result in higher overall costs for emergency care that are either absorbed by government or passed on to the rest of us. Clearly, "an ounce of prevention is worth a pound of cure."
  - **Insurance Death Spiral:** Removing mandates and allowing the healthiest people to opt-out leaves only the sickest and most expensive in the insurance pool.
  - **Bare Bones Plans:** Plans that provide catastrophic insurance and nothing to promote wellness just kick the costs down the road, and without prevention, those costs will rise.
  - **Inflation:** The tax credits are flat and don't respond to increasing premiums, so if rates go up by the 20% predicted by CBO, there will be an even greater cost to individuals.
  - **Special Interests:** Costs spiral upward when special interest groups like insurance companies, pharmaceutical manufacturers, medical suppliers, hospitals, testing companies, doctors, and even the food industry are able to milk our health system for more money. Nothing in this bill addresses that.
  - **Elderly:** The lowered insurance premiums that some will experience will mostly come from pushing the costliest older people out of insurance they can no longer afford. And Medicare is next, with a shortened solvency.
  - **Death Panels:** GOP one minute: "OMG death panels! The government's gonna murder grandparents!" Then later: "Let's deny care and cut Meals on Wheels to starve off some of the elderly dead weight."

## OTHER FINDINGS

- **REDISTRIBUTION:** Repeal of 3% tax on capital income >\$250K is a huge tax break for the wealthy (avg. \$50K to most millionaires and >\$200K to the top 0.1%)
- **MEDICARE:** Tax cuts for wealthy reduces solvency of Medicare trust fund from 2029 to 2025.
- **MEDICAID:** Guts ACA Medicaid expansion, affecting poor, disabled, births, and nursing homes
  - "Per-capita" block grants with cap on each enrollee and ending new enrollment after 2020
- **MANDATES:** Individual & employer mandates abolished
  - Young healthy people can opt-out but will be charged 30% more if they enroll later. This is the basis of the GAO estimate but will accelerate market "death spirals".
  - Small businesses will drop group plans, likely leaving another 7M w/o insurance by 2026
- **MORTALITY:** Tens of thousands will die w/o treatment & preventative care
- **WOMEN'S HEALTH:** Planned Parenthood defunded by \$500 million by 2026, reducing availability of preventive care such as paps, mammograms, STD screening, and reproductive health care.
  - The 2011 \$73M reduction in spending for family planning clinics reduced the number of clinics in Texas and resulted in a doubling of maternal mortality in the following 2 years.
  - Texas already had the highest rate of Maternal Mortality in the developed world.
  - Abortion rate is at historic low (contraception access), but CBO says it will rise under AHCA
- **PREVENTION:** The GOP says more people will have insurance, because cheaper policies won't need to provide basic levels of care including prevention, but this results in less care and higher deductibles.
  - AHCA defunds the Prevention & Public Health Fund that constitutes 17% of the CDC budget. This critical \$1B fund is used to prevent and address infectious disease outbreaks.

## AHCA IS JUST PART 1 OF REPUBLICAN PLAN

- **Part 1 is only budgetary actions**, because Congress can't do much with a simple majority. They won't even get that if 2 drop out, and that's looking likely.
  - GOP is divided among moderates who don't want to hurt coverage, and extreme conservatives who want to roll back Medicaid expansion & eventually end it and Medicare entirely.
- **Part 2** will include "rule changes" from Tom Price's HHS.
- **Part 3** will require more time and needs Democrat support for a 60% vote. Possibilities:
  - Insurance across state lines
  - Replace Preexisting conditions requirement with High-risk Pools
  - Allow return of annual & lifetime insurance caps?
  - Stay on parents' plan until 26?
  - Business model innovation: Accountable Care Organizations, Patient-Centered Medical Homes, EMR Meaningful Use incentives
  - Insurance 80/20 rule?
- **What's their goal**, because the AHCA doesn't lower cost or expand coverage?
- How to cope with healthcare needs of an aging population?

## TALKING POINTS – Cruel, Costly & Corporate

- **WRONG FOCUS** – How to PAY for insurance vs. how to **IMPROVE care delivery and PREVENT the need.**
- **IGNORES REAL PROBLEM** – Americans spend \$3.5 trillion/year (18% GDP), which is twice as much as other nations, yet still lives sicker & dies younger (per WHO)
- **SPECIAL INTERESTS** – Medical Industry spends 3x as much on lobbying as the Military industrial complex, to protect their obscene revenue. (It's about profits, not jobs.)
- **RISKY** – Partial Repeal (in part 1) and Delay is risky to Moderate Republicans facing reelection in 2018
- **HIGHER COSTS** – especially for the most vulnerable, the poorest, the sickest, and the oldest
- **LESS CARE** – 14M – 24M more uninsured