GOP HEALTHCARE PLAN – WHAT IT WOULD MEAN FOR COLORADO

On March 6, 2017, House Republicans' unveiled a healthcare proposal, the "**American Health Care Act,"** that would radically reduce the ability of middle- and lower-income Coloradans to access affordable healthcare through Health First Colorado, Colorado's Medicaid program, and the private market.

THE BASICS:

The bill uses the budget reconciliation process, a process that is available once per annual budget cycle, to address funding aspects of the ACA and the federal Medicaid program. Most ACA taxes are repealed, to the tune of a **loss of over a trillion dollars over ten years**, raising questions about how the program will be paid for. The bill could get through the House and Senate as soon as April. *The bill needs only a majority to pass and cannot be filibustered.*

KEY CHANGES TO PRIVATE INSURANCE: COST AND ACCESS

Cost of Premiums

- Cost of premiums are likely to go up for *all* Coloradans
    - The ACA mandated that all Americans get coverage or pay a penalty. That requirement, for both individuals and employers, would end retroactively on 12/31/15. Healthier and younger people will be more likely to skip buying insurance if they don't have a penalty, resulting in a sicker risk pool. Because the needs of the risk pool are greater, premium costs will rise.
- The cost of premiums will go up even more for older Coloradans.
    - Currently, carriers can charge those over 64 no more than 3 times what they charge those under 30.
    - Under the House Republicans' plan, they could charge older Coloradans 5 times as much.
- If someone loses coverage for 63 or more days, cost of premiums will go way up.
    - Under the plan, someone who lost coverage for 63 or more days in the last 12 months would have to pay a 30% monthly surcharge, on top of regular premium payments, for a full year. This could mean that health care would be permanently unaffordable.

Availability of Assistance

- For 2018 and 2019, Coloradans would still be able to get premium tax credits, subsidies that help with monthly premium payments for those under 400% of the federal poverty level (FPL), and cost-sharing reductions, subsidies that reduce deductibles and cost-sharing for those under 250 FPL.
    - The amount of assistance now varies, and lower-income people get more assistance.
- Starting in 2020, advanceable tax credits would be available, but much reduced.
    - Tax credits would be available to each person in the household -- ranging from $2,000 a year for those 30 and under to $4,000 for those 60 and over.
    - Those with more income would get the same amount as those with less. A 30-year-old who makes $70,000 a year would get $2,000, just like a 30-year-old who makes $25,000 a year.
    - Coloradans who live in regions with more expensive insurance would not get more financial assistance to help with those extra costs. Coloradans in the higher-cost areas, including many rural counties, would have to pay more.

- Health Savings Accounts would be expanded, to allow people to put more of their own money aside, tax-free, for health costs.
  - That's no help to people who need all their available income to cover housing, food, education and other basic needs. It would instead serve as a tax break to wealthier people.
- Short-term funding would be provided to states for additional programs like high-risk pools and help with cost sharing – but states would have to put in **state dollars** to be eligible for the funding.

KEY CHANGES TO MEDICAID: THE ADULT EXPANSION AND EVERYONE ELSE

Ending Additional Funding for the Medicaid Expansion

- Currently, Colorado covers just 5% of the cost of covering an adult in the expansion population, a category that includes adults without dependent children, as well as parents and caretakers who make over 68% FPL. Federal funds cover the rest.
  - The plan would take away that extra federal funding for the expansion population as of 2020, so new enrollees – and anyone who was enrolled but had a break in coverage – would be covered only at the 50% federal matching rate.
  - Colorado's additional costs to keep the same number of enrollees covered at the lower matching rate would be close to **$1 billion per year**, based on caseload reports.

Limiting Medicaid Payments Through a Per Capita Cap Structure

- Medicaid expenditures by the state of Colorado would no longer be matched by federal funds. Currently, if Health First Colorado, Colorado's Medicaid Program, covers a child's $10,000 hospitalization, Colorado pays half and the federal government pays half. Under the current formula, federal funds increase with need.
  - The per-capita cap structure provides that states get a <u>fixed amount per enrollee</u>, with the amount set for the four categories: children; parents and caretakers; elderly, blind and disabled individuals, and adults without dependent children.
  - If any of those categories of people has greater need – because, for example, the older population is living longer and a higher proportion need nursing care, or because of a disease outbreak – Colorado would get no additional money.
  - The per-capita cap amount won't reflect current needs. When the new structure starts in 2020, the base amounts will be derived from our expenditures in 2016. Because of medical inflation, covering everyone in 2020 is likely to be a lot more expensive than in 2016.

Limiting Medicaid through Other Changes

- Children would be covered only up to 100% FPL, instead of 133% FPL. Those over 100% FPL could hypothetically get CHIP, but we don't know the future of that program, either.
- The plan would drop the three-month retroactive eligibility now available to Medicaid applicants.
- The plan would not give any additional time to applicants to collect documents to show legal residency or citizenship.
- And more.

THE BOTTOM LINE

To keep people covered, Colorado would have to come up with **billions more per year** in funding.

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