Non-Partisan Analysis of AHCA Released

Health Care Reform Bill Would Increase Costs for Older Adults and Eliminate Coverage for 23 Million

May 25, 2017

Earlier this month, lawmakers in the House narrowly passed the American Health Care Act (AHCA) to repeal and replace the Affordable Care Act. The final bill was so quickly shepherded through the chamber by Republican leadership that experts at the non-partisan Congressional Budget Office (CBO) had insufficient time to comprehensively analyze AHCA’s cost or coverage implications.

Yesterday, the CBO released its estimate of AHCA, and the analysis indicates that the health care reform bill would leave 23 million without insurance coverage by 2026, including 14 million Medicaid beneficiaries, which would reduce enrollment in the program by 17 percent. The bill would also significantly increase costs and reduce coverage options for poorer, sicker and older Americans.

Additionally, the CBO estimated that—while premiums may decrease for younger, healthier adults—in states that chose to opt out of requiring insurers to cover basic health benefits currently required by law, most premium reductions would be the result of substantially fewer benefits and increased out-of-pocket costs for all beneficiaries. Overall, CBO estimates that, for a 64-year-old adult making less than $26,000/year, AHCA would increase premiums by an average of $12,000 to $14,500 per year. In states where insurance is more expensive, those added costs could be even higher.

Furthermore, CBO estimated that the current version of AHCA would cut $834 billion—or nearly 25 percent—from Medicaid. Because AHCA restructures Medicaid from the current federal-state partnership, wherein the federal government guarantees to match state spending on the program regardless of cost or enrollment, to a per-capita cap or block grant structure that limits federal contributions, reduced federal outlays would shift significant costs and risks to states.
n4a remains opposed to the American Health Care Act, as it does not adequately address the ACA issues we raised in our January ACA Policy Brief and goes beyond ACA-related provisions to fundamentally undermine federal support for Medicaid, weakening this key health and long-term care safety net for older adults.

**Current Status of AHCA**

Following House passage of the AHCA, House leadership has yet to send the bill to the Senate. House leaders were waiting for the CBO estimate to confirm that the deficit reductions achieved by AHCA would meet the Senate requirements for consideration under the fast-track budget reconciliation process lawmakers are using to move health care reform. This fast-track process requires only a simple majority in the Senate for legislation to pass, and therefore AHCA could conceivably pass both chambers without any Democratic support.

However, Senate Republicans have started working on their own version of a bill to repeal and replace the Affordable Care Act. While these negotiations are largely happening behind closed doors, we know that several key lawmakers have expressed considerable concern with the House-passed health care reform bill. Senate leaders are currently aiming to have their version of an ACA repeal and replace bill on the floor before the August recess, although that timeline could easily slip.

Congress must hear from local AAAs, providers and other stakeholders about the life-saving value of home and community-based services in Medicaid. They need to hear from aging advocates about how this bill would negatively impact older adults by increasing the cost of health insurance for individuals not yet on Medicare.

**Continued Advocacy is Necessary**

Advocates must continue to engage on this issue, and, as the process moves forward, n4a will continue to provide advocacy messages to members and their own grassroots networks to educate Members on the importance of Medicaid and affordable health insurance coverage for older adults.

**n4a’s Key Messages on AHCA:**

**Medicaid is Critical to the Health and Well-Being of Many Older Adults**

AHCA’s per capita cap would lead to significant cuts in Medicaid long-term care for both home and community-based services (HCBS) and institutional care. By capping the federal government’s funding for Medicaid, costs will be shifted to the states over time. The Congressional Budget Office estimates this would reduce federal Medicaid spending by $834 billion over 10 years. The cut would put pressure on states to reduce benefits, limit eligibility, increase consumer cost-sharing or lower reimbursement rates. This in turn could lead to sicker, more vulnerable older adults. Capping Medicaid also jeopardizes recent gains toward rebalancing Medicaid long-term care from institutional care to HCBS—which would only increase Medicaid costs! We must preserve Medicaid’s safety net entitlement nature and federal-state funding
partnership in order to keep older adults healthy and living safely in their homes and communities.

**Older Adults Should Not Be Penalized for their Age**

AHCA rolls back ACA’s 3:1 age rating provision, which limited how much more an insurance company could charge an older consumer vs. a younger one. AHCA would allow at minimum, a 5:1 rating, and would even let states exceed that rating. Despite the attempt in AHCA to provide older consumers with larger tax credits to offset higher premiums, we believe the bill will still mean higher costs for individuals age 55-64, most especially lower-income Americans.

**Do No Harm to Medicare**

Although AHCA dramatically changes Medicaid, it does not make major changes to Medicare. However, by eliminating a specific ACA tax and thus a source of revenue for Medicare, the bill would hasten insolvency of Medicare by four years (to 2024 instead of 2028, which was extended a full 11 years by the ACA).

**Prevention Works for Older Adults**

The AHCA would reduce funding for the Prevention and Public Health Fund (PPHF) by $100 million (10 percent) in 2018 and completely eliminate the fund in 2019. Currently, PPHF supports Administration for Community Living grants for falls prevention activities, chronic disease self-management programs and Alzheimer’s disease prevention and education efforts. These cost-effective programs that improve health are implemented by states, AAAs and Aging Network providers. Without PPHF funding, these vital, money-saving programs may be on the chopping block.

**There is still much legislative work to be done before funding for FY 2018 and any health care reforms are finalized.** Stay tuned for more information and resources from n4a and [join us on Friday, May 26 at Noon ET for a federal policy webinar](#) to explore these important issues and necessary advocacy!

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**This Legislative Update is an n4a membership benefit.** For more information about these and other federal aging policy issues, please contact n4a’s policy team: Amy Gotwals ([agotwals@n4a.org](mailto:agotwals@n4a.org)) and Autumn Campbell ([acampbell@n4a.org](mailto:acampbell@n4a.org)), 202.872.0888.