



Chesapeake Town Hall

Congressman Robert C. “Bobby” Scott

Third District of Virginia

Tuesday, August 14, 2018



Affordable Care Act Update

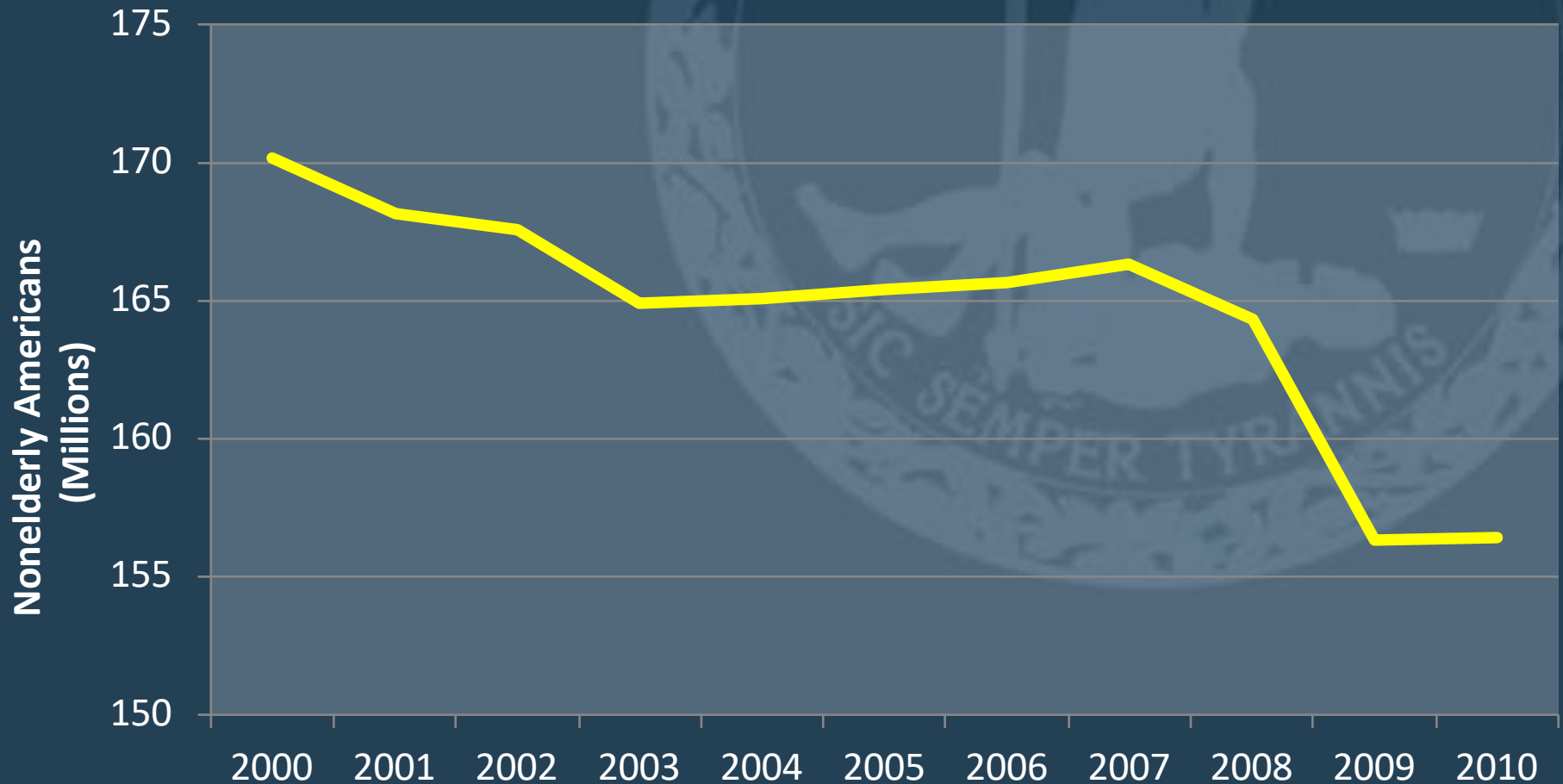


Before the Affordable Care Act (ACA)

- Health care cost increases were out of control.
- You could be denied coverage or charged exorbitant premiums if you had a preexisting condition.
- Employer-based coverage was declining and those who lost job-based coverage had few or no options.
- The cost of caring for the uninsured was shifted onto American families through higher premiums – an additional \$1,000 annually.

Declining Employer-Sponsored Coverage

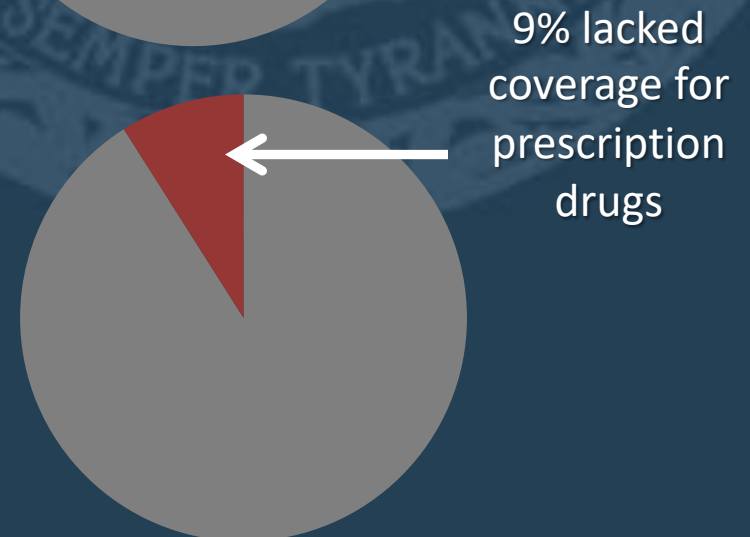
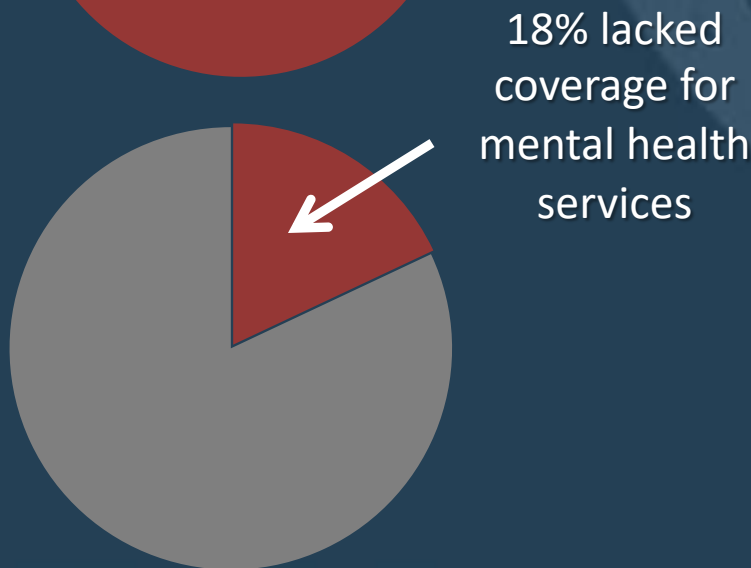
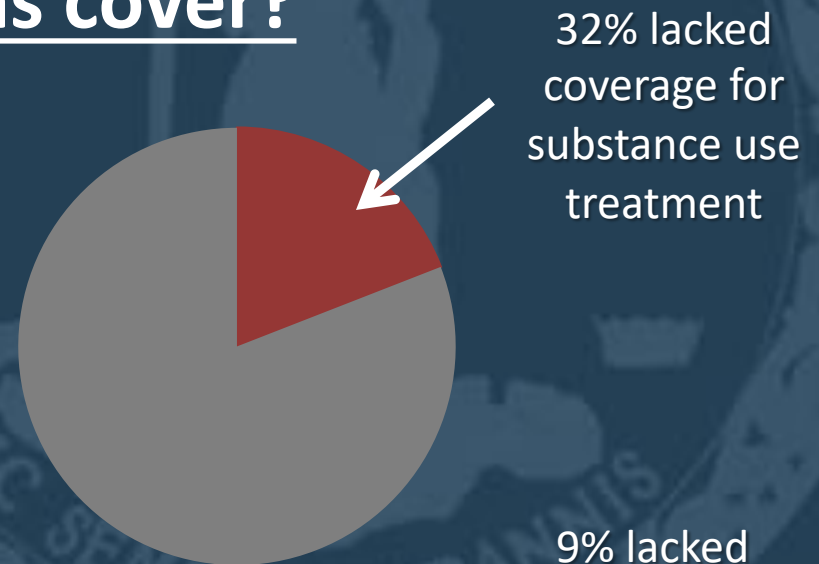
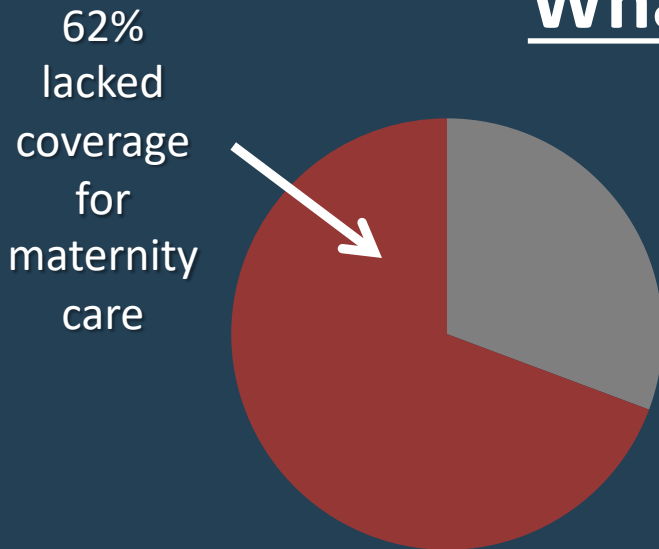
2000–2010



A Look at Insurance Policies Before the ACA

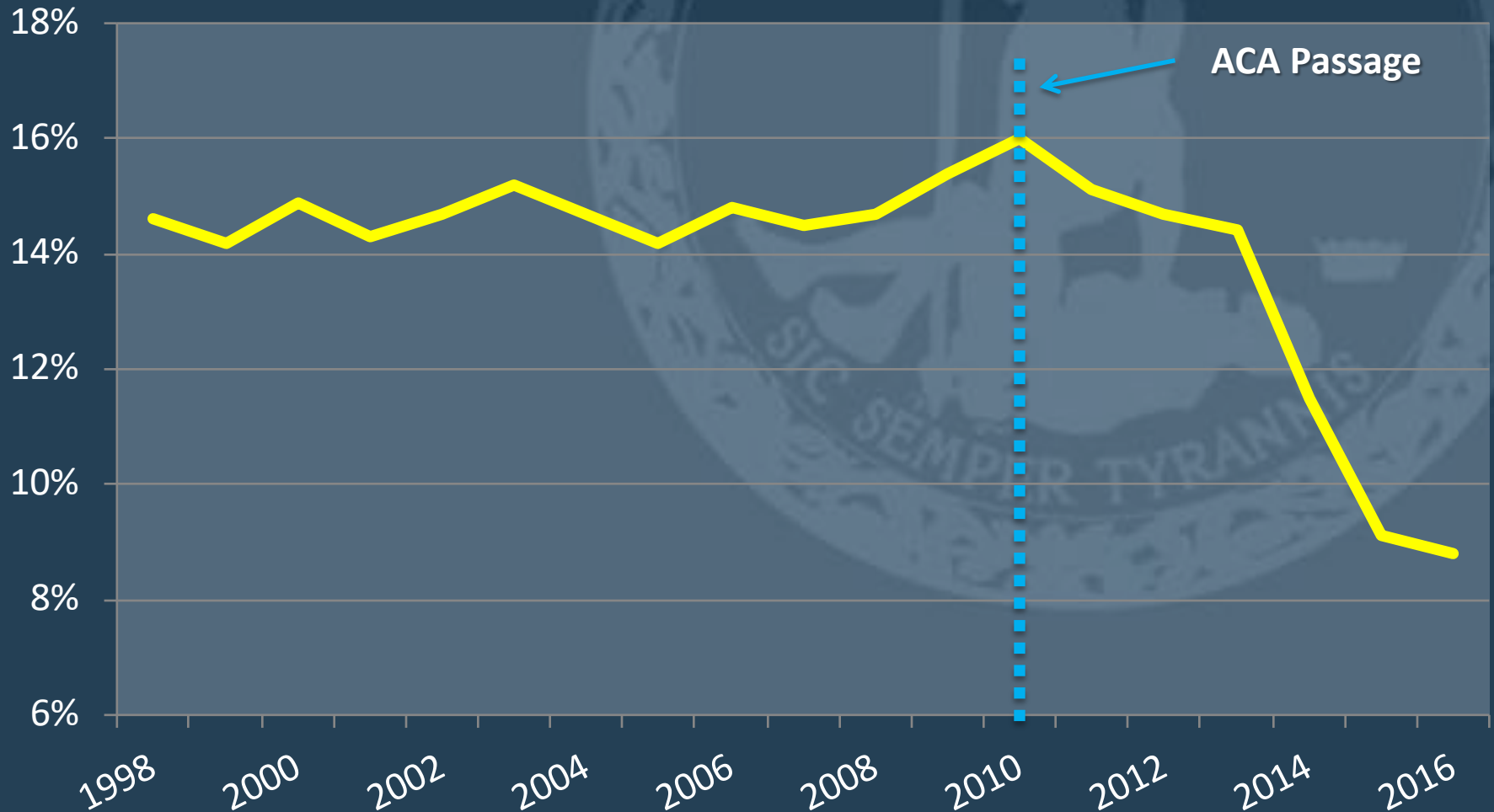
Individual Coverage, 2008

What did plans cover?



National Uninsurance Rate Drops Dramatically after ACA

1998 – 2016



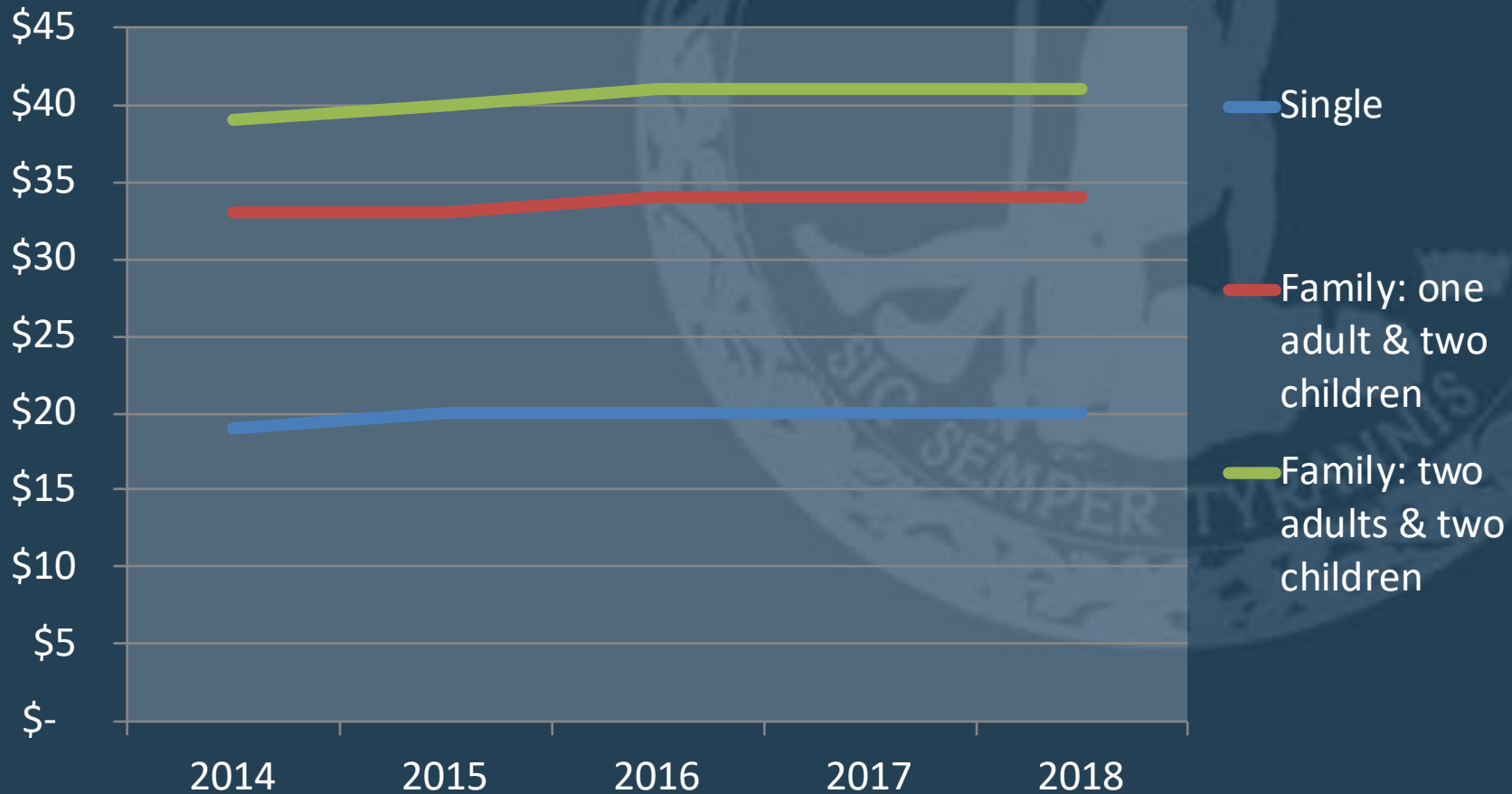
Compiled by Democratic Staff on the Education and the Workforce Committee

Source: Centers for Disease Control, National Health Interview Survey (NHIS) Early Release



ACA Tax Credit Adapts to Actual Cost

Example 1: Out of Pocket Monthly Premium for Silver Plan at 100% Federal Poverty Level



For 2018 plans, 100% FPL is \$12,060 for a single person; \$24,600 for a four-person family.

Compiled by Democratic Staff on the Education and the Workforce Committee

Source: Kaiser Family Foundation Premium Calculator

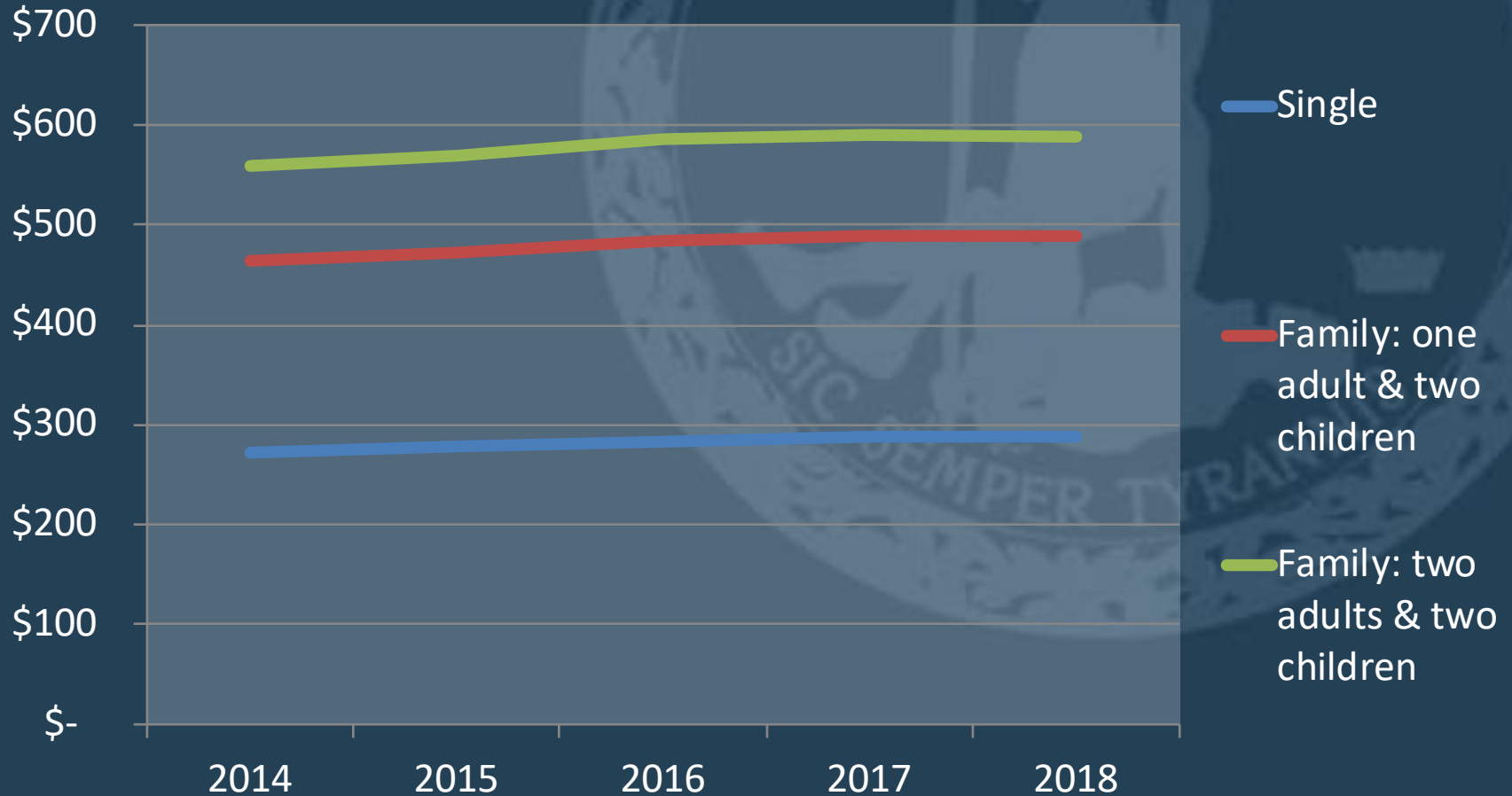
Notes: 2014 values divide annual premiums by 12; All estimates assume residency in Newport News and adults are non-smokers, 40 years of age without an offer of employer-sponsored insurance; children are non-smokers, 10 years of age.



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ACA Tax Credit Adapts to Actual Cost

Example 2: Out of Pocket Monthly Premium for Silver Plan at 300% Federal Poverty Level



For 2018 plans, 300% FPL is \$36,180 for a single person; \$73,800 for a four-person family.

Compiled by Democratic Staff on the Education and the Workforce Committee

Source: Kaiser Family Foundation Premium Calculator

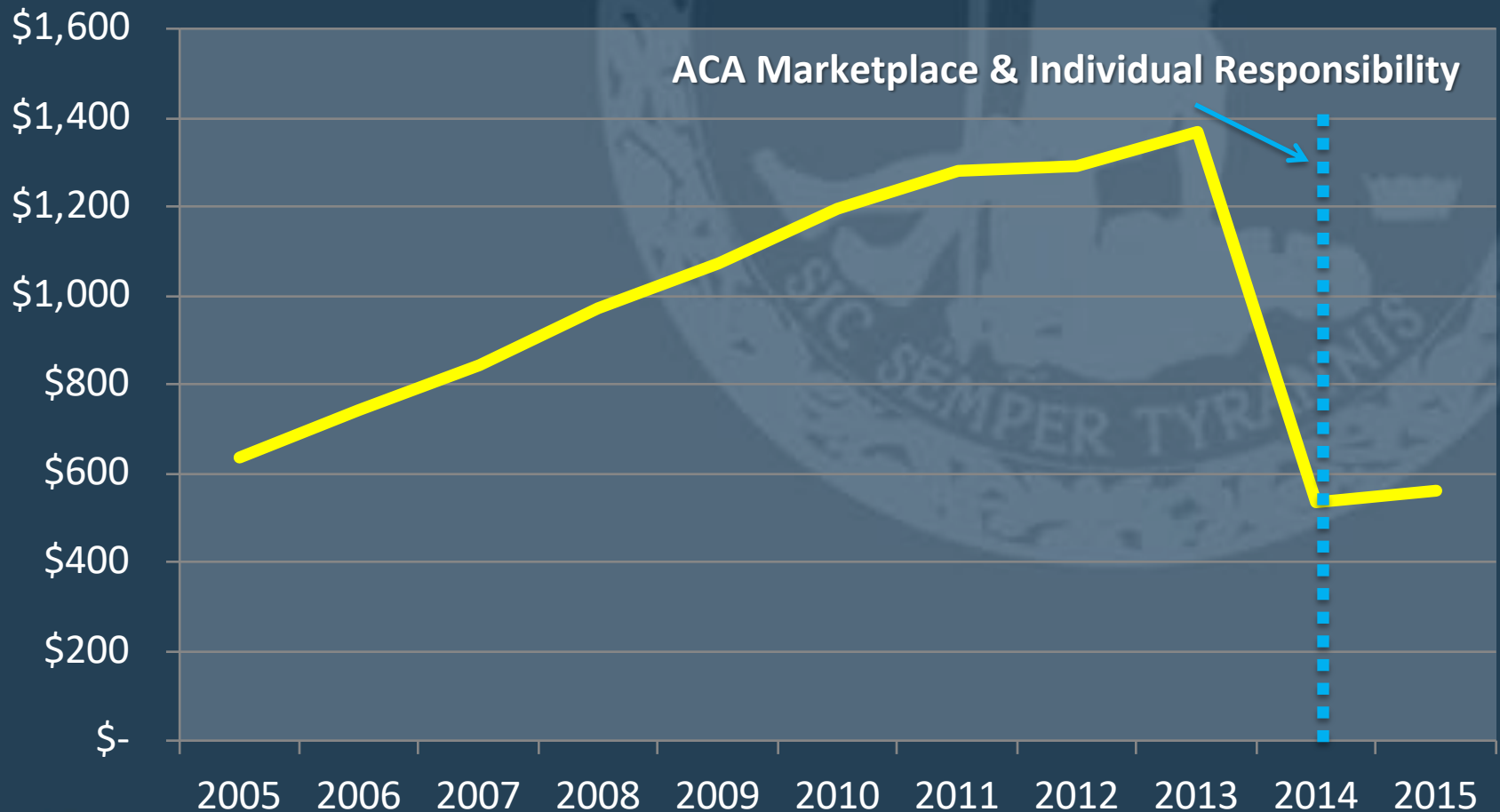
Notes: 2014 values divide annual premiums by 12; All estimates assume residency in Newport News and adults are non-smokers, 40 years of age without an offer of employer-sponsored insurance; children are non-smokers, 10 years of age.



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New York State Case Study: Average Statewide Individual Health Insurance Premiums

2005 – 2015



ACA Repeal Efforts

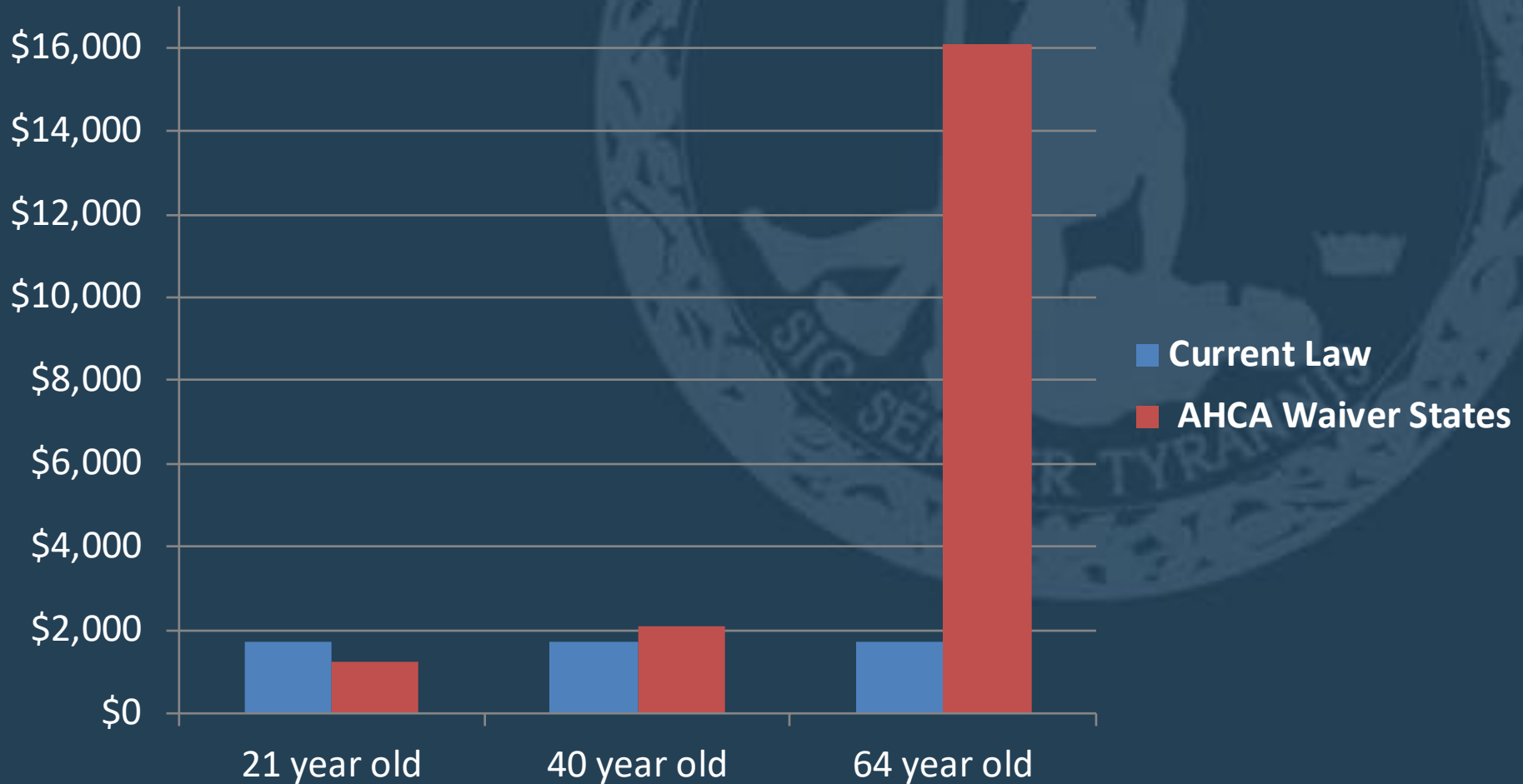
- Over the past eight years, Republicans have voted over 60 times to repeal parts or all of the Affordable Care Act.
- In May of 2017, House Republicans passed the *American Health Care Act*, also known as Trumpcare, to repeal and replace the Affordable Care Act.
 - The legislation was passed before any nonpartisan CBO analysis on the legislation was complete.
- The Senate crafted various versions of ACA repeal legislation; none of them garnered enough support to pass the Senate.



A Look at the House-Passed Trumpcare Bill

House-Passed Plan Increases Costs

Out of Pocket Average Annual Premium For Single Individual with Income of \$26,500



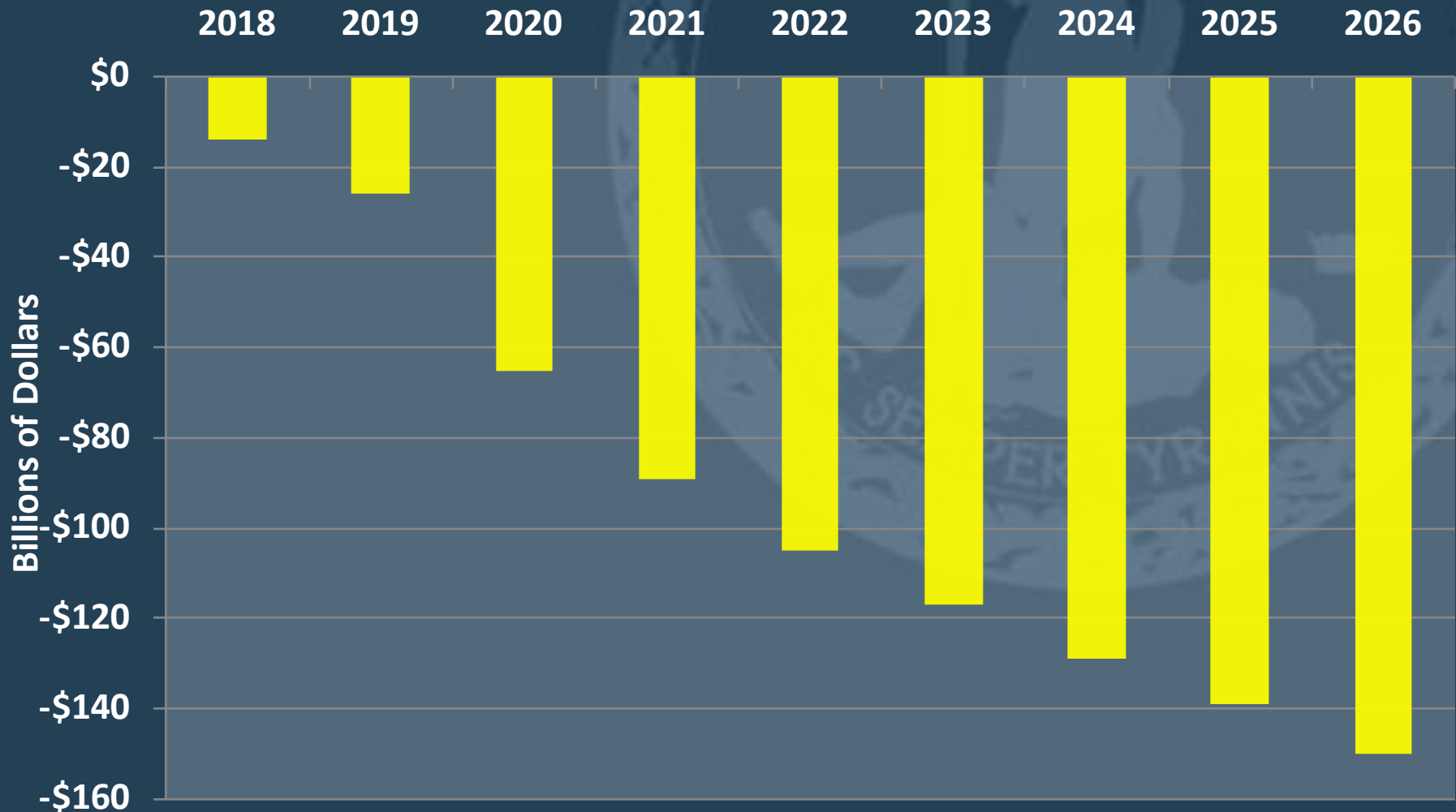
Compiled by Democratic Staff on the Education and the Workforce Committee

Source: Congressional Budget Office, *Cost Estimate of H.R. 1628, American Health Care Act of 2017*



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House-Passed Plan Includes Over \$800 Billion in Cuts to Medicaid



Congressional Budget Office's Analysis

“The increase in the number of uninsured people relative to the number projected under current law would reach 19 million in 2020 and 23 million in 2026.”

“People who are less healthy (including those with preexisting or newly acquired medical conditions) would ultimately be unable to purchase comprehensive nongroup health insurance at premiums comparable to those under current law, if they could purchase it at all...”

“...Insurance, on average, would pay for a smaller proportion of health care costs.”



By Every Measure, Trumpcare is Worse Than Current Law

Number of People with Insurance ↓

Millions more people without insurance.

Quality of Coverage ↓

Many versions of Trumpcare would severely limit coverage of essential health benefits, such as maternity care, prescription drugs, mental health services, and addiction treatment. Insurers would also again be able to put annual and lifetime caps on coverage, including in large employer plans.

Protections for People with Preexisting Conditions ↓

By eviscerating the ACA's guaranteed comprehensive essential health benefits package, under various versions of Trumpcare insurers could charge extra for the coverage that people with preexisting conditions need, such as coverage for chemotherapy.

Source: Congressional Budget Office, Cost Estimate of H.R. 1628, American Health Care Act of 2017; Congressional Budget Office, Cost Estimate of H.R. 1628, the Better Care Reconciliation Act of 2017: An Amendment in the Nature of a Substitute; Congressional Budget Office, Cost Estimate of H.R. 1628, Obamacare Repeal Reconciliation Act of 2017; Congressional Budget Office, Estimate of Direct Spending and Revenue Effects of H.R. 1628, the Healthcare Freedom Act of 2017, an Amendment in the Nature of a Substitute [S.A. 667]



By Every Measure, Trumpcare is Worse Than Current Law

Continued...

Cost of Coverage ↑

Many versions sought to impose an “age tax” on older Americans between the ages of 50 and 64. Under the House-passed bill, CBO projected that premiums for low-income, older enrollees could go up 850%.

Jobs ↓

All else being equal in the economy, estimates showed that Trumpcare could result in 1 to 1.5 million fewer jobs, hurting workers and the economy.

Tax Breaks for the Wealthy & Corporations ↑

Billions in tax breaks to the rich and corporations. For example, the House-passed bill provided, on average, those making more than \$1 million a year with a tax cut of \$50,000 a year.

Sources: CBPP, House GOP Health Plan Eliminates Two Medicare Taxes, Giving Very Large Tax Cuts to the Wealthy; Commonwealth Fund, The Better Care Reconciliation Act: Economic and Employment Consequences for States; Commonwealth Fund, The American Health Care Act: Economic and Employment Consequences for States; Congressional Budget Office, Cost Estimate of H.R. 1628, American Health Care Act of 2017



Repeal Efforts: What Happened in the Senate?

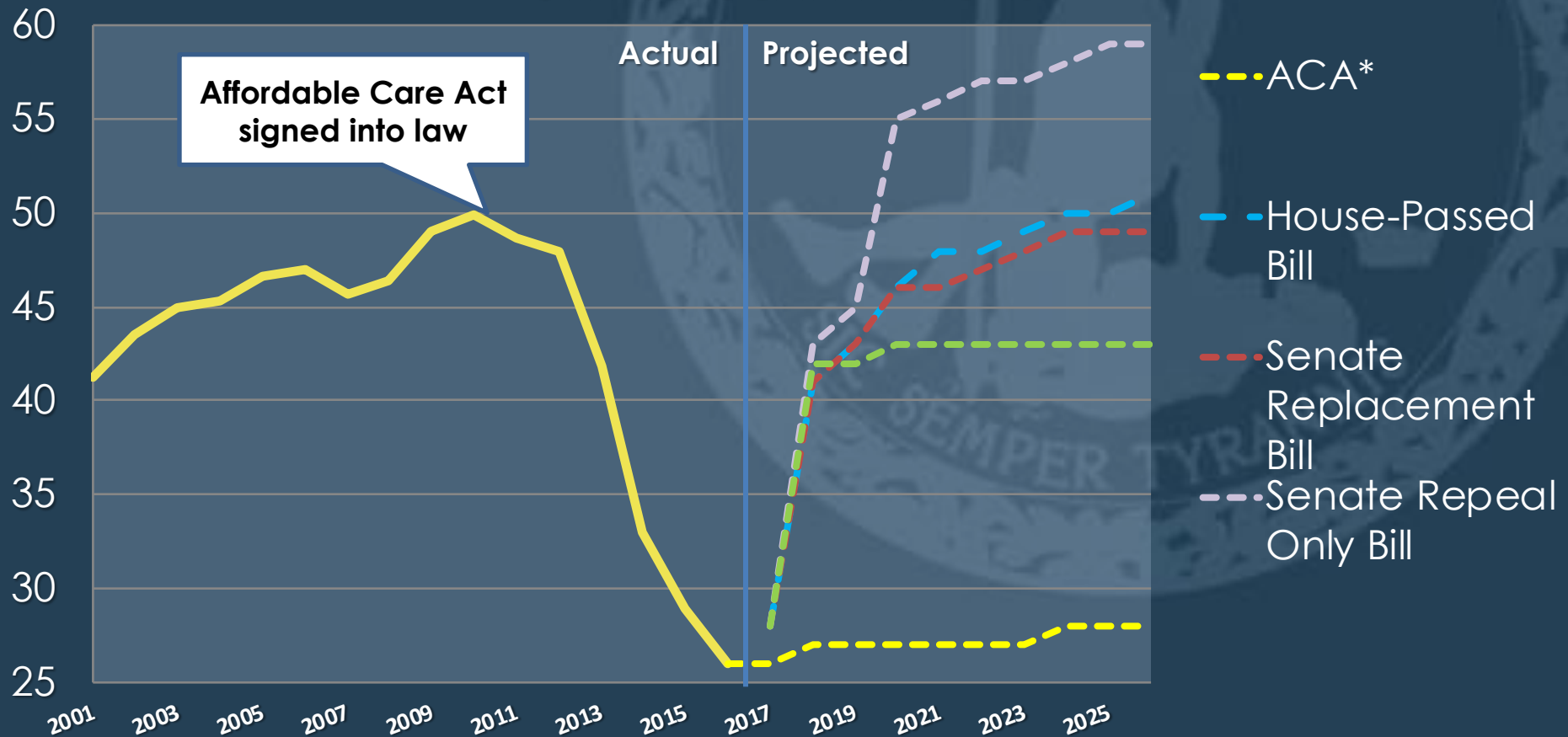
The Senate considered three separate versions of Trumpcare:

- 1) Obamacare Repeal Reconciliation Act of 2017 (**repeal only**) – would have repealed major pieces of the ACA without any replacement
- 2) Better Care Reconciliation Act (**repeal and replace**) – would have repealed the ACA and made major changes to the health system
- 3) The Healthcare Freedom Act of 2017 (**“skinny repeal”**) – a last resort effort that would have repealed only a few provisions of the ACA, including the mandates

None of these versions passed.

Every Trumpcare Version Would Have Skyrocketed Number of Uninsured

Uninsured in millions



Affordable Care Act
signed into law

--- ACA*

--- House-Passed
Bill

--- Senate
Replacement
Bill

--- Senate Repeal
Only Bill

Compiled by Democratic Staff on the Education and the Workforce Committee

Source: Census Bureau, *Health Insurance Coverage Status and Type of Coverage by Selected Characteristics*, years 2001-2015; Congressional Budget Office, *Cost Estimate of H.R. 1628, American Health Care Act of 2017*; Congressional Budget Office, *Cost Estimate of H.R. 1628, the Better Care Reconciliation Act of 2017: An Amendment in the Nature of a Substitute*; Congressional Budget Office, *Cost Estimate of H.R. 1628, Obamacare Repeal Reconciliation Act of 2017*;



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Congressional Budget Office, *Estimate of Direct Spending and Revenue Effects of H.R. 1628, the Healthcare Freedom Act of 2017, an Amendment in the Nature of a Substitute [S.A. 667]*; ACA = current law at time of consideration.

Sabotage Instead of Repeal

Major Actions

- On his first day in office, Trump issued an executive order directing agencies to take all legal steps to undermine the ACA.
- In the fall of 2017, the Trump Administration shut down HealthCare.gov for 12 hours nearly every Sunday during open enrollment; outreach and advertising efforts were also cancelled.
- Trump cancelled cost-sharing reduction payments, which help reduce deductibles and copays for low-income Americans.
- The Trump Administration issued rules to expand plans that bypass the ACA's requirement to cover essential health benefits.
- The Republican tax bill zeroed out the individual mandate penalty.
- The Trump Administration has twice cut funding for navigators who help individuals enroll in coverage; navigator funding has now fallen more than 80 percent since 2016.
- The Department of Justice has decided to not defend the ACA's protections for people with preexisting conditions.



Sabotage Instead of Repeal

Texas v. the United States

- On February 28, 2018, Attorneys General from 20 states, led by the Texas Attorney General, filed a lawsuit in a Texas federal court seeking to strike down the entirety of the ACA. The plaintiffs argue that the entire ACA is invalid because Congress zeroed out the individual mandate penalty.
- On June 7, 2018, the Trump Administration announced it will not defend the constitutionality of the ACA's community rating and guarantee issue provisions that apply to the individual and small group markets (two provisions that protect people with preexisting conditions from paying more).
- On July 26, 2018, a House resolution was introduced to allow the House Committees on Education and the Workforce, Ways and Means, Energy and Commerce, and Judiciary to intervene in the case. A similar resolution was introduced in the Senate.

Sabotage Instead of Repeal

Texas v. the United States

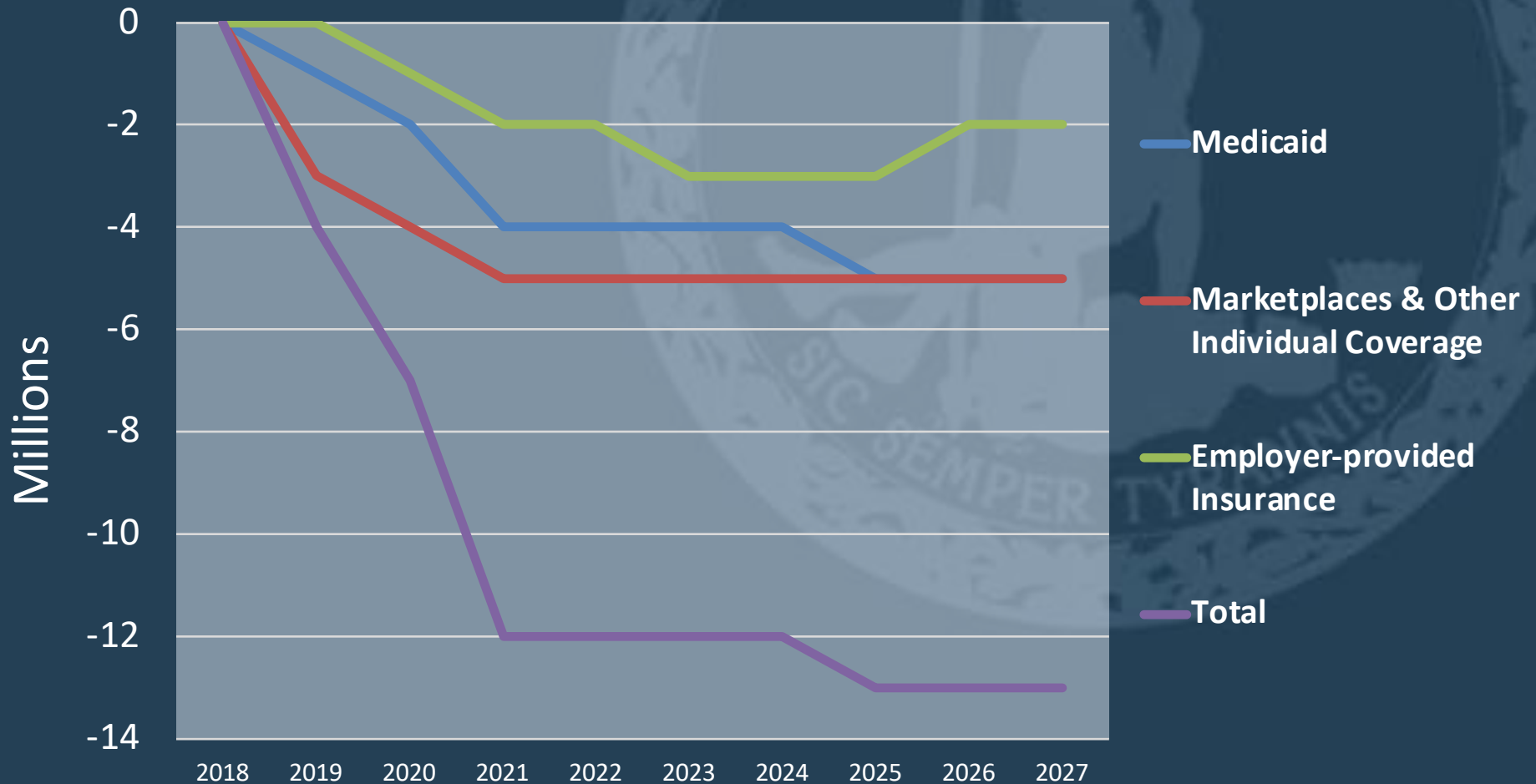
- **In the short term** – the administration's failure to defend these critical protections is creating chaos and uncertainty for insurers.
- **In the long term** – invalidating these protections would once again allow insurers to charge the millions of Americans with preexisting conditions as much as they want or deny them coverage altogether. This would cut coverage dramatically and raise costs for everyone.

Tax Bill Repealed the Individual Mandate

- The ACA's requirement that every American buy health coverage or pay a penalty is repealed in 2019.
- CBO estimates that this will lead to:
 - 13 million fewer Americans having health insurance versus current law,
 - Premiums rising an additional 10 percent in most years compared to what they would have been
 - More healthy people drop out of the markets without the mandate, leaving the remaining pool sicker and therefore more expensive.

Millions Fewer Projected to Have Health Coverage

Impact of Repealing the Individual Mandate



*Coverage losses under 500,000 in a single year are rounded to zero. Coverage losses outside of the categories listed are not shown.



Sabotage Impact in Virginia

Anthem on its Initial Decision in 2017 to Pull out of Virginia's Marketplace

"[P]lanning and pricing for ACA-compliant health plans has become increasingly difficult due to . . . continual changes and uncertainty in federal operations, rules and guidance, including cost sharing reduction subsidies and the restoration of taxes on fully insured coverage."

Cigna on its 15 percent rate increase request for 2019 in Virginia

"The risk pool is significantly impacted by changes in. . . elimination of the Individual Mandate penalties [and] anticipated changes to regulations regarding Short Term Medical and Association Health Plans that will impact the Affordable Care Act risk pool."

Sources: Anthem Blue Cross and Blue Shield August 2017 Statement
Cigna Written Description Justifying the Rate Increase

Medicaid Expansion in Virginia

- Extending Medicaid for 400,000 Virginians
- Bringing over \$2 billion federal dollars back to the Commonwealth
- Saving the state more than \$1 billion (e.g., expenditures on hospital care for the poor)
- Creating more than 15,000 new jobs
- Preserving rural hospitals

The Tax Cut & Jobs Act

Key Points

- Tax cuts are temporary for individuals and families but permanent for corporations
- CBO estimates that these cuts will cost nearly \$2 trillion over 10 years – this has increased since the initial \$1.5 trillion estimate
- Speaker Ryan and the Tax Foundation estimate the creation of only 339,000 jobs (that is \$4.1 million per job)



Key Changes

Pre-Tax Cuts and Jobs Act	Post Tax Cuts and Jobs Act
Income tax Seven individual tax rates: 10%, 15%, 25%, 28%, 33%, 35% and 39.6%	Keeps seven brackets with lower rates: 10%, 12%, 22%, 24%, 32%, 35%, 37% (expires after 2025)
Standard deduction \$6,350 for single filers and \$12,700 for married couples	The standard deduction is temporarily increased to \$12,000 for singles and \$24,000 for married couples filing joint returns. In 2025, the deductions and exemptions revert to current law
State and local taxes Taxpayers can deduct both state and local income and property taxes	Taxpayers may deduct only up to \$10,000 total, which may include any combination of state and local taxes, including property taxes (also sales taxes)
Mortgage interest deduction Taxpayers can deduct interest payments on up to two mortgages, worth up to a combined \$1m	Taxpayers can deduct the interest paid on mortgage debt up to \$750,000. Interest payments on property bought before Dec. 15 is still deductible up to \$1 million (the limit under current law). Home equity loan interest is no longer deductible for anyone
Individual mandate Under the Affordable Care Act, individuals must buy a qualifying health insurance plan or pay a penalty — unless they qualify for an exemption	The penalty is reduced to zero, which means that fewer healthy individuals may sign up for coverage. That is expected to lead to higher premiums for people who do not qualify for premium subsidies

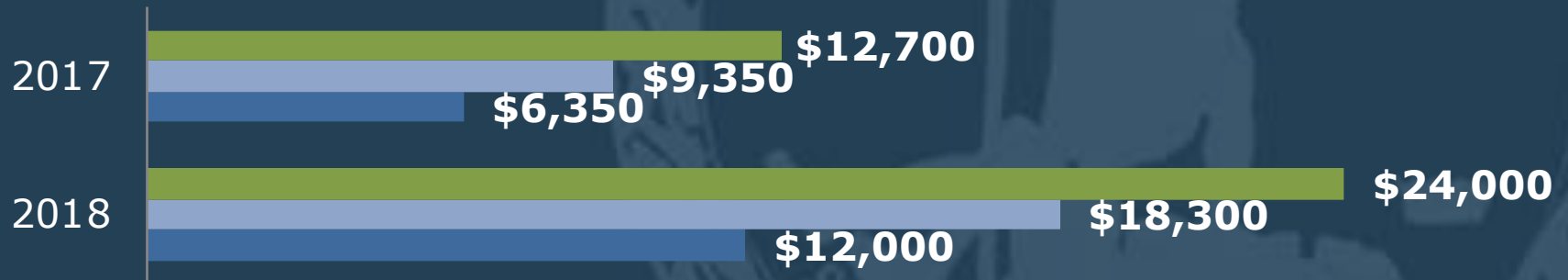
How This Affects You

- If you have not done so already, it is a good idea to review your tax withholdings
- To estimate what is best for you and your family the IRS has an online calculator found on [www.irs.gov > withholding calculator](https://www.irs.gov/withholding-calculator)

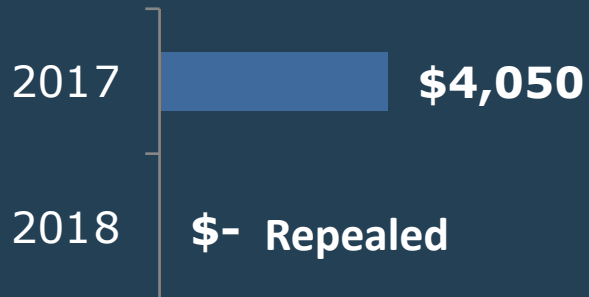


Standard Deduction vs. Personal Exemption

Standard deduction



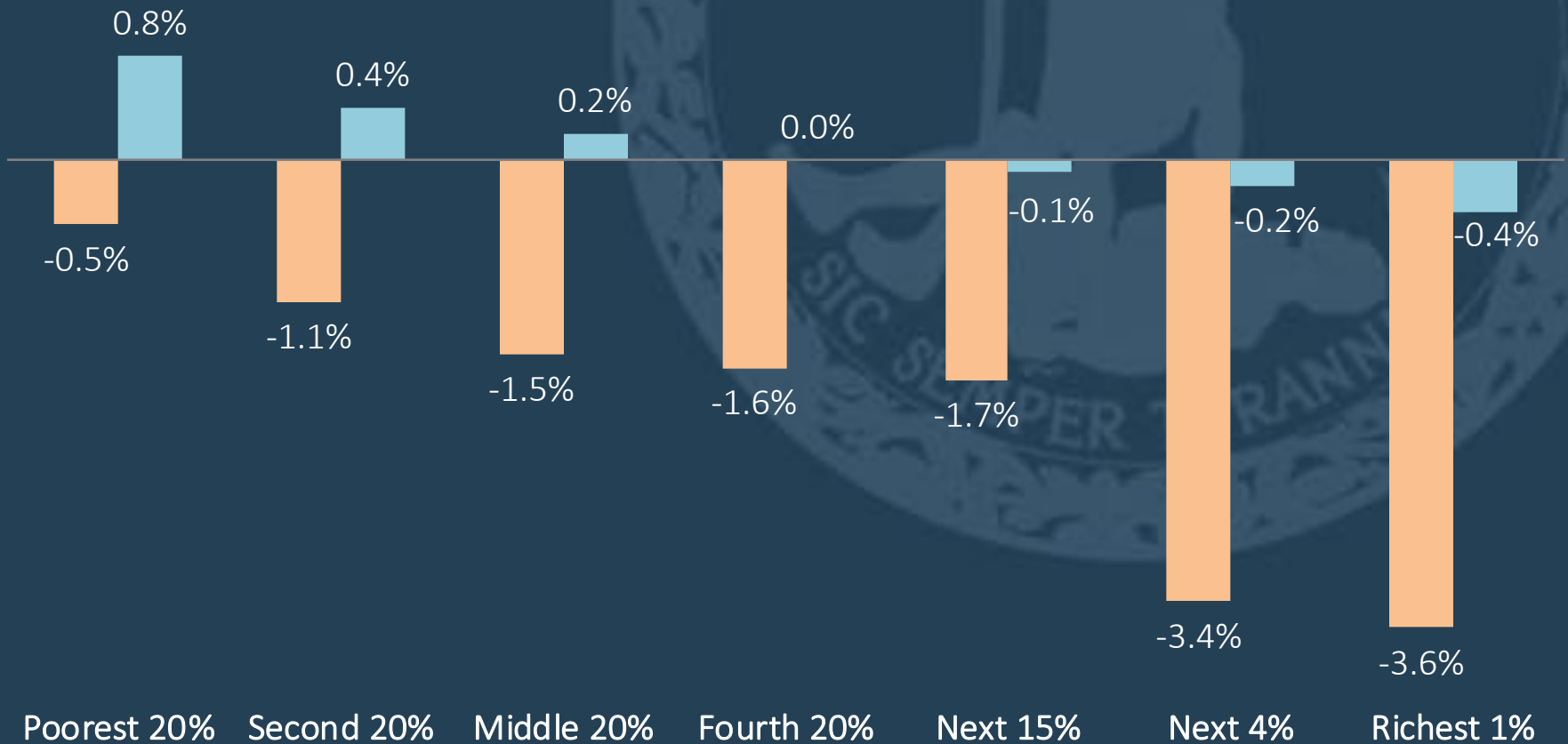
Personal exemption



Who Benefits?

Virginia residents' percent tax change as a share of income in 2019 and 2027*

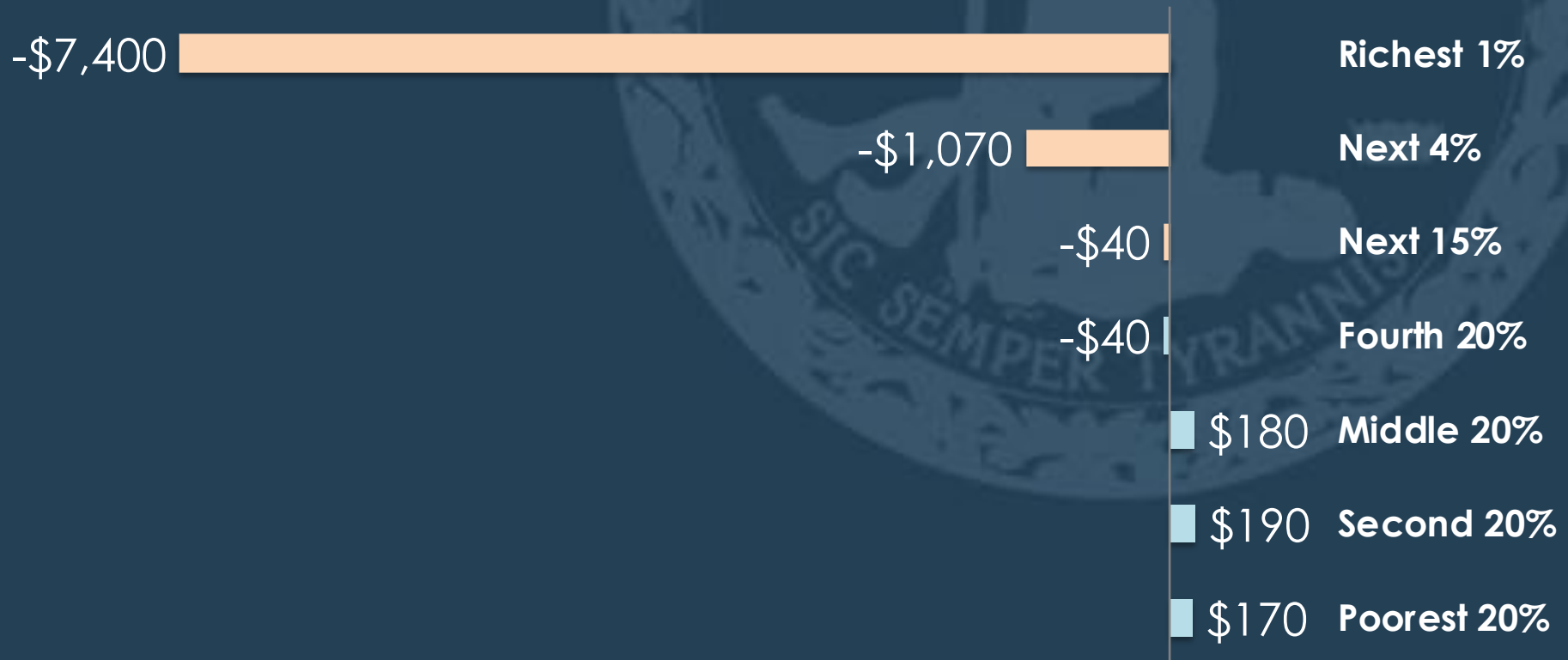
2019 2027



Breakdown By Income In VA

Wealthiest Virginia taxpayers receive the largest average tax cuts while lower-income groups face tax hikes

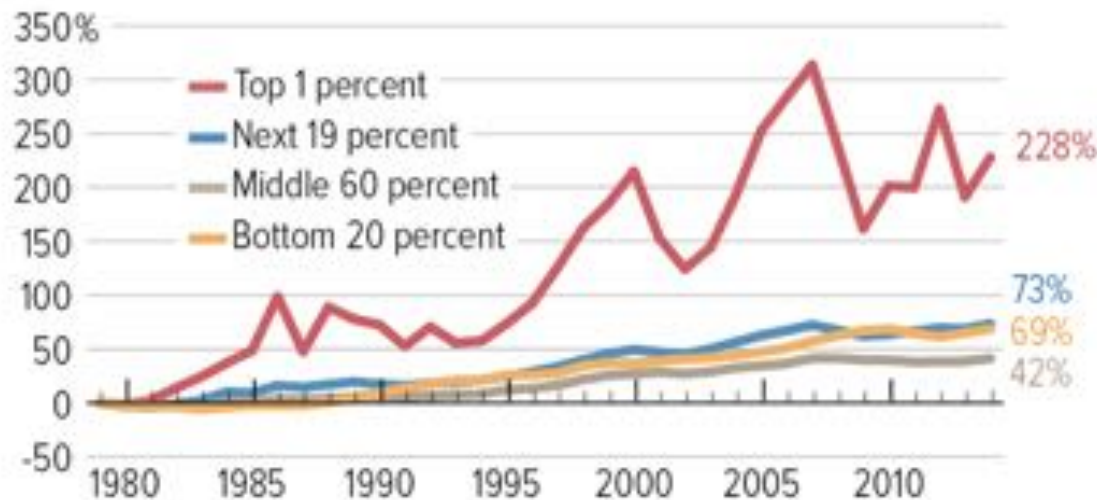
Average tax cuts and hikes per income group*



Distribution of Economic Growth in the United States

Income Gains at the Top Dwarf Those of Low- and Middle-Income Households

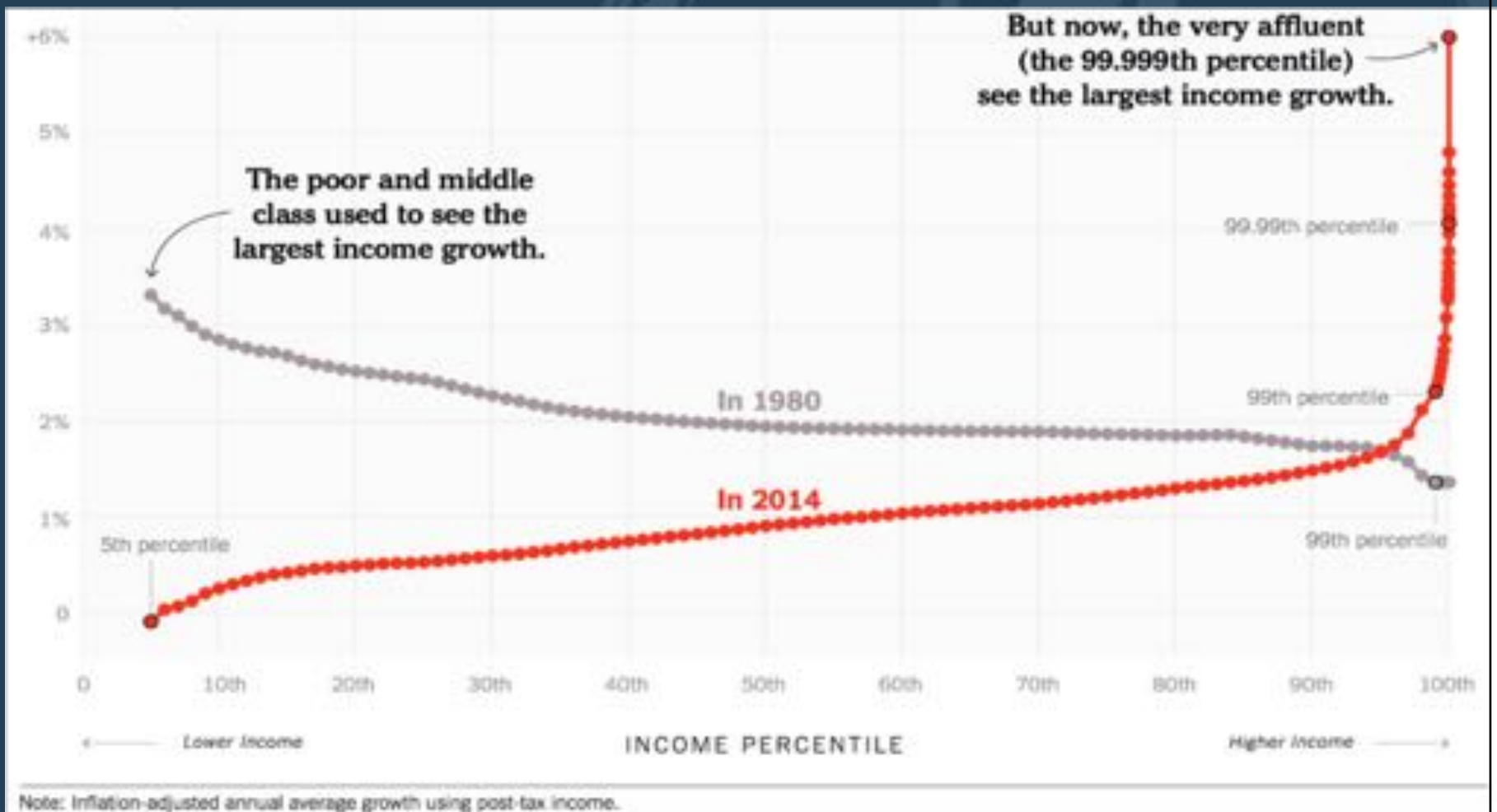
Percent change in income after transfers and taxes since 1979



Source: Congressional Budget Office

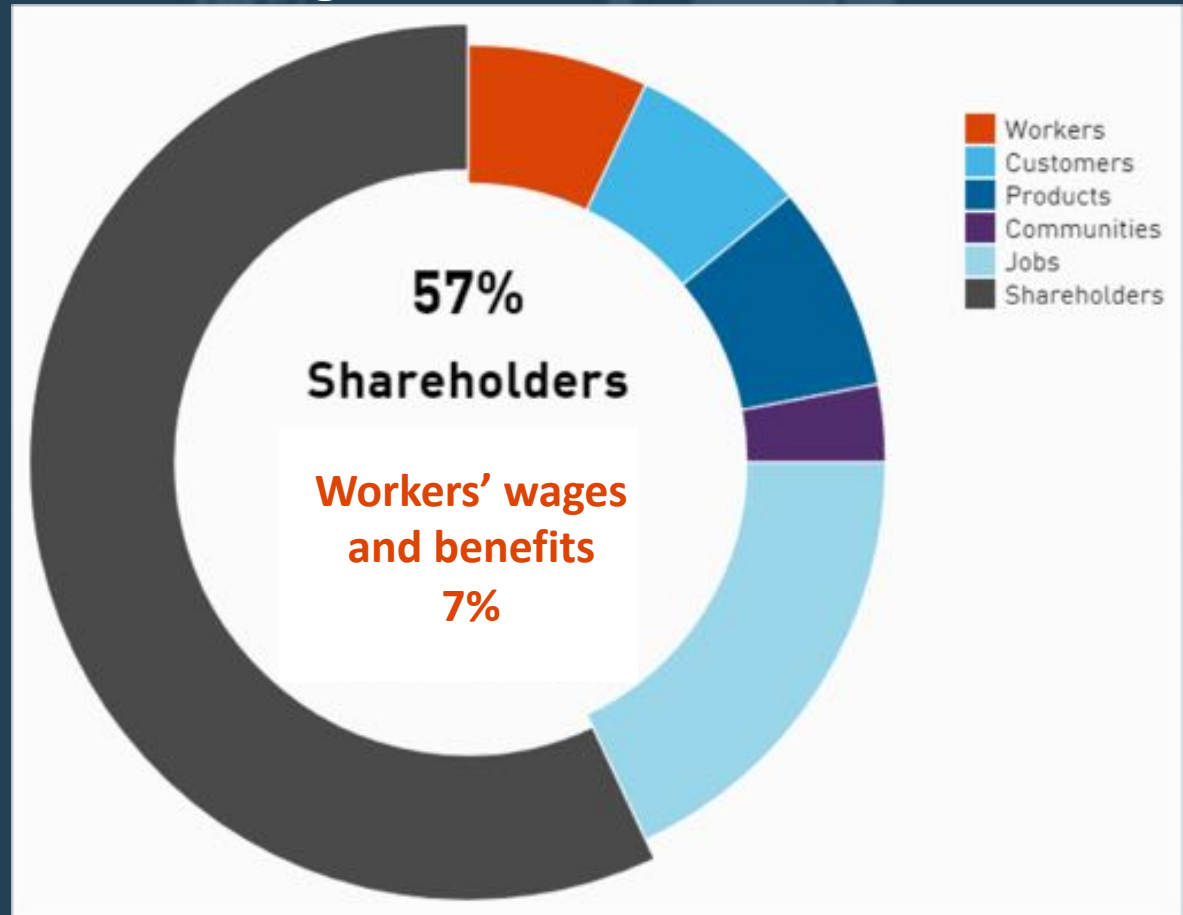
CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Income Growth in 1980 v. 2014



Is the Tax Bill Actually Helping Workers?

How Companies are distributing windfall
from GOP tax bill...

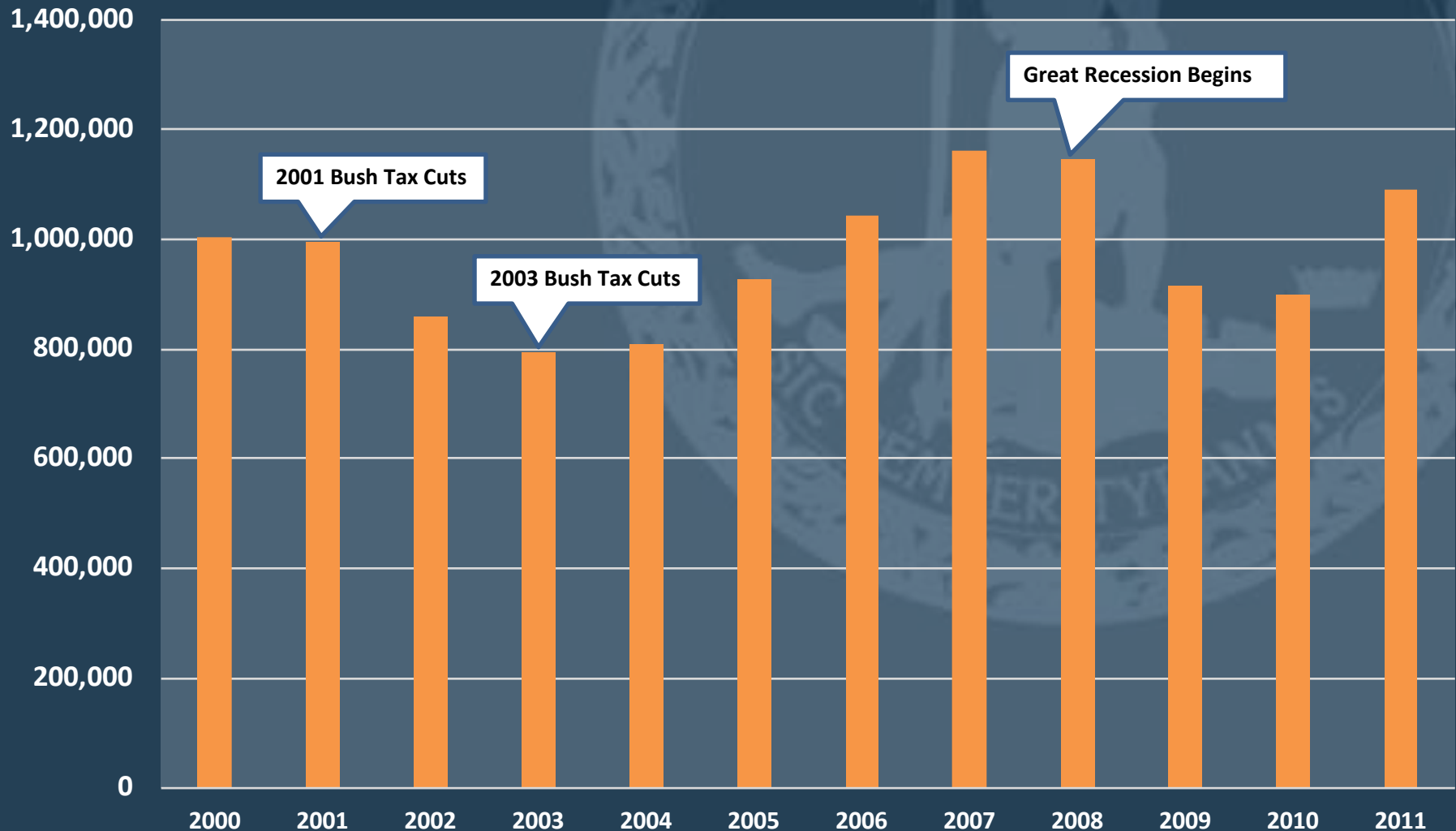


How Are We Going to Pay for this \$2 Trillion Tax Bill?



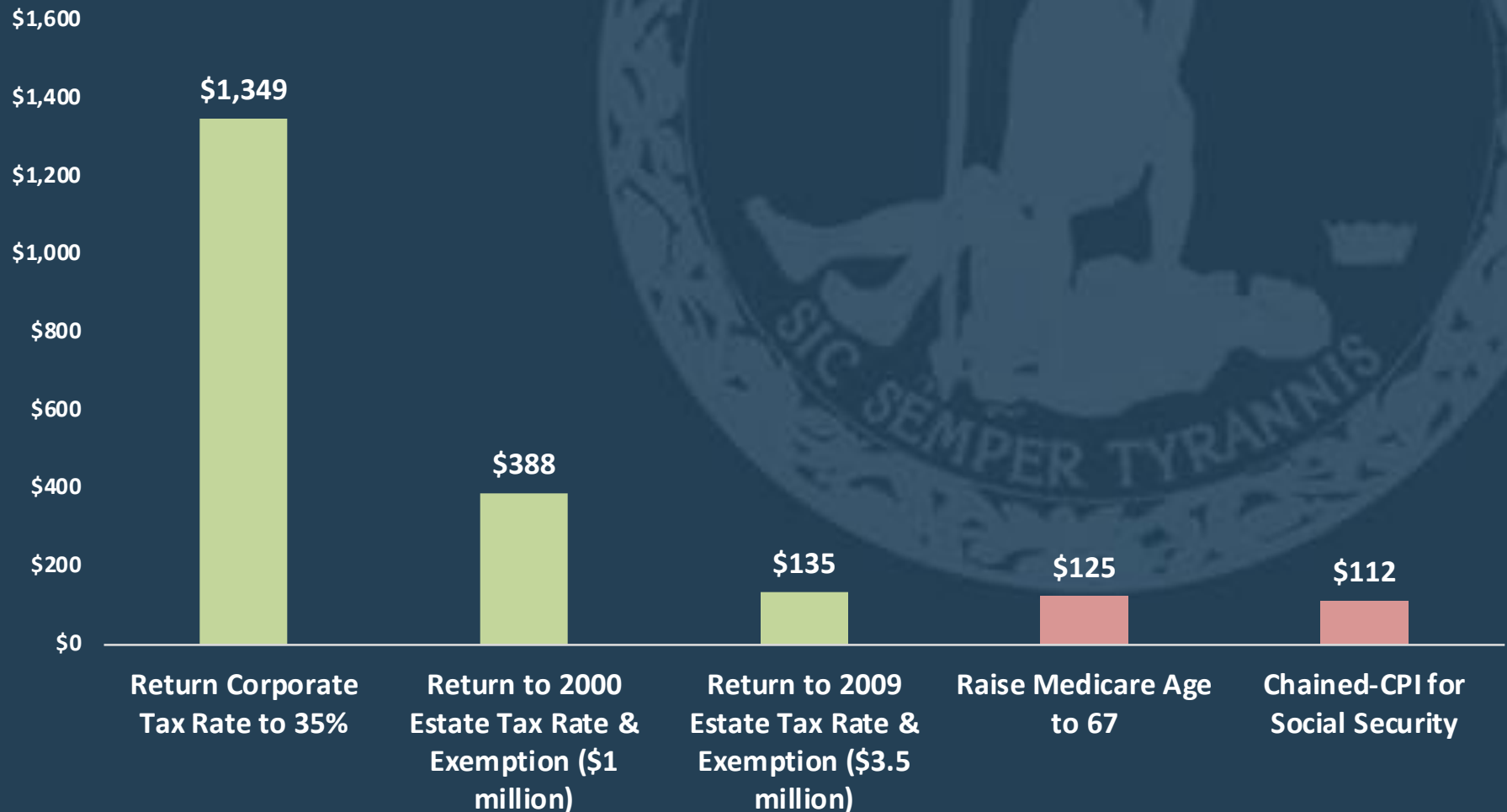
Tax Cuts Do Not Pay For Themselves

Individual Income Tax Receipts 2000-2011 in millions of dollars



Raise Taxes on Corporations & Dead Multi-Millionaires or Cut Social Security & Medicare?

10 Year Savings of Policy Change in Billions of Dollars



Speaker Paul Ryan Confirms that the Republican Plan is to Pay for the Tax Cuts for the Rich with Budget Cuts that hurt everyone else:

“***We’re going to keep focusing on spending cuts.***
... We are going to go back to that next year but what we don’t want to do is Complicate the issue on the Tax Cuts and Jobs Act.

- Speaker Paul Ryan, 11/15/17



And Where will those Budget Cuts Come From? Republican Budget Plan Makes That Clear

**Medicare
Medicaid
Food Assistance
Investments in job training and
education**



Aim Higher Act

**OFFERING EVERY STUDENT THE
OPPORTUNITY TO EARN
A DEBT-FREE DEGREE**

COMMITTEE ON EDUCATION AND THE WORKFORCE

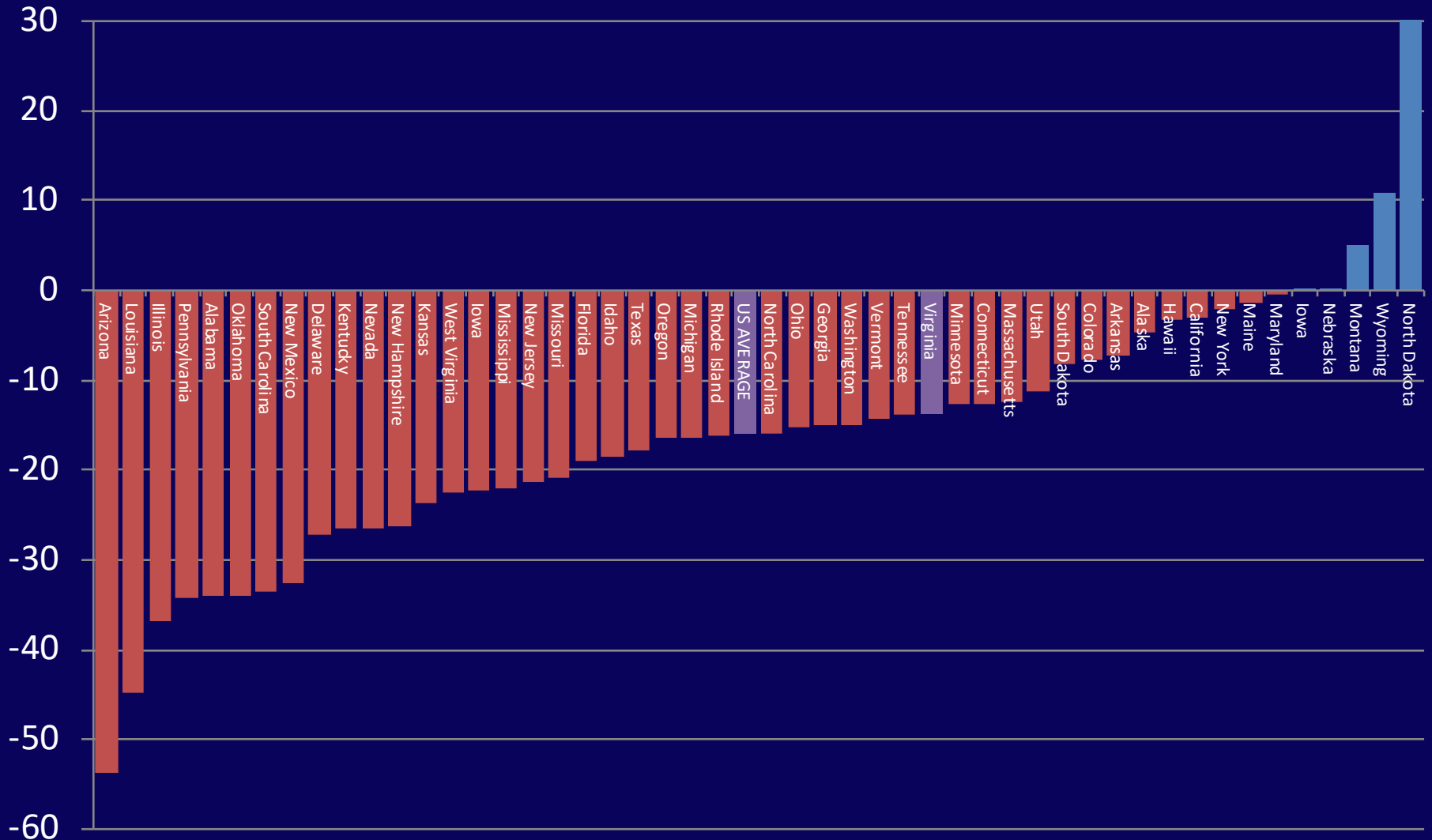
Making Higher Education Affordable

The *Aim Higher Act* provides students and families immediate and long-term relief from the rising cost of college.

- **It provides two years of free community college to all students.**
- **It makes student financial aid more generous and more flexible.**
- **It reduces the cost of public colleges and universities by pushing states to reverse decades of underfunding in higher education that has shifted costs to students and parents.**
- **It makes student loans simpler to understand and easier to repay.**

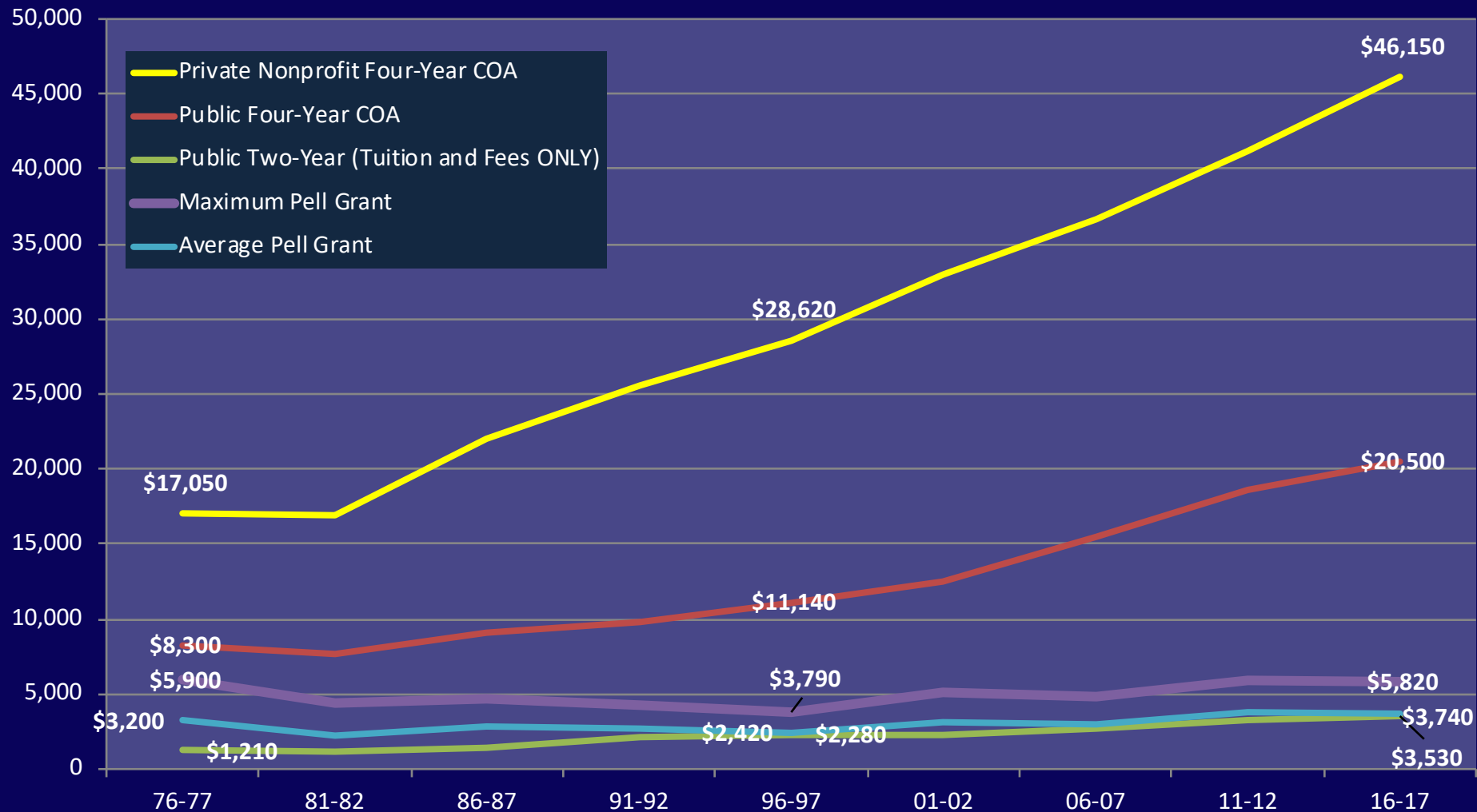
A Decade of State Disinvestment

Percent Change in State Higher Education Spending per Student, 2008-2017



Pell Grant Purchasing Power At All-Time Low

Maximum and Average Pell Grant Awards Compared to Cost of Attendance (COA)
(In 2017 Dollars)



Making Quality Higher Education More Accessible

In addition to reducing the cost, The *Aim Higher Act* focuses on improving the quality of higher education.

- **It measures colleges based on their students' success in both graduating on time and entering the workforce.**
- **It empowers students and parents with better, more detailed information so they can find a school that meets their needs.**
- **The *Aim Higher Act* supports students from all backgrounds to attend and complete college by:**
 - Investing in campus-based childcare for student parents and housing for homeless and foster youth
 - Funding campus programs to help veterans transition into civilian life
 - Supporting faculty training to ensure students with disabilities have access to a quality education

Cracking Down on Predatory Institutions

The *Aim Higher Act* protects students and taxpayers by cracking down on predatory institutions and low-quality programs

- The *Aim Higher Act* eliminates the perverse incentives that encourage predatory for-profit schools to aggressively target veterans while peddling high cost, low-quality degrees.
- The *Aim Higher Act* ensures that institutions taking federal student aid dollars are investing in instruction and quality – not lobbying and marketing.
- The *Aim Higher Act* prevents schools from gaming the system by updating metrics used to determine their eligibility for taxpayer dollars.

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