# Health Care Update

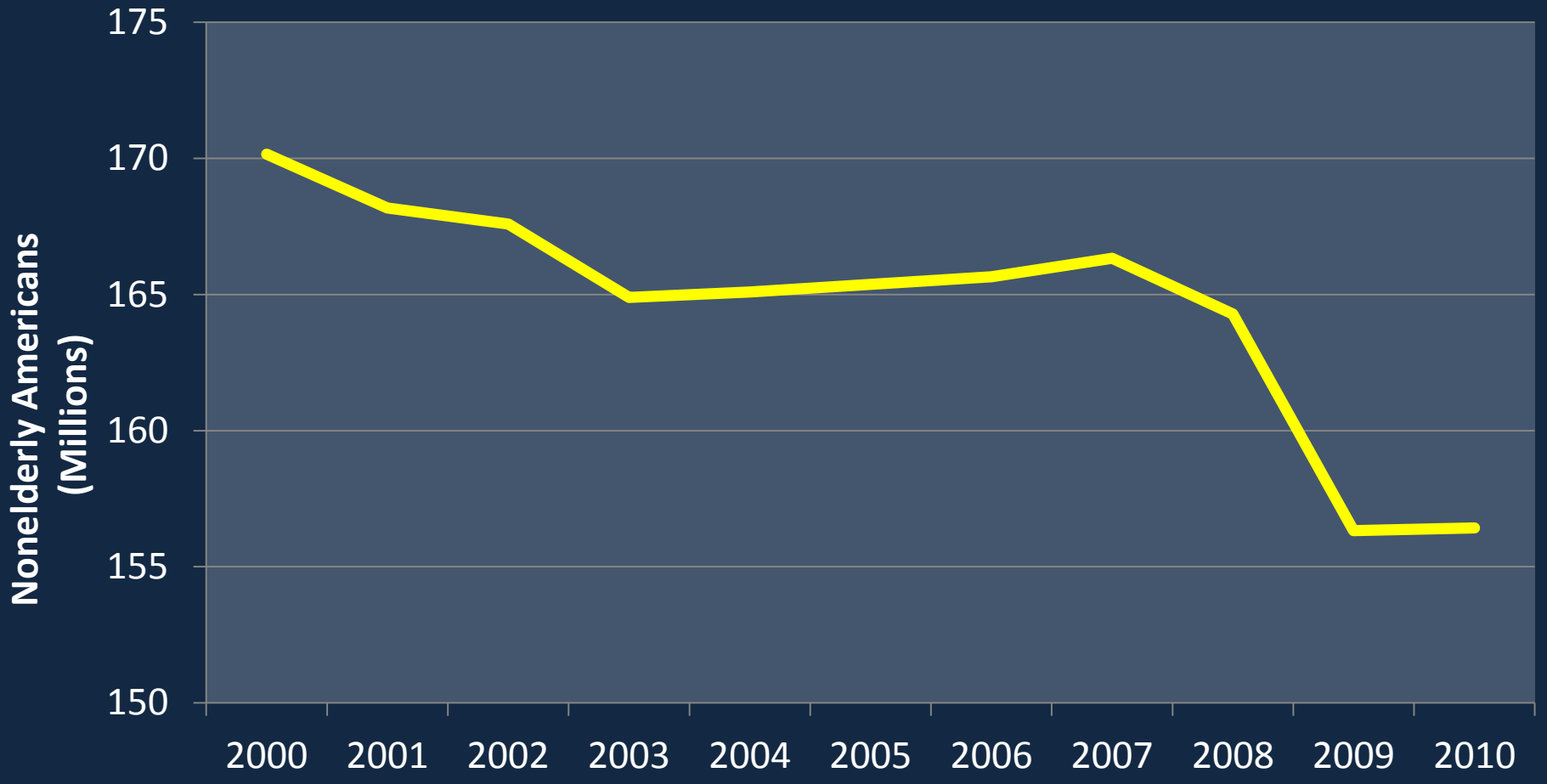
## Congressman Robert C. “Bobby” Scott

# Before the Affordable Care Act (ACA)

- 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




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 2000-2010.

# A Look at Insurance Policies Before the ACA

**Individual Coverage**

- Roughly one in five individuals who applied for coverage were **denied altogether**.

- Others could be charged **much higher premiums.**

Example of rating tiers:

- Super Preferred: -7%
- Super Preferred: -5%
- Preferred 1: base rate
- Preferred 2: +6.5%
- Preferred 3: +13.5%
- Standard 1: +20%
- Standard 2: +30%
- Standard 3 : +40%
- Modified 1: +60%
- Modified 2: +80%
- Modified 3: +150%
- Modified 4: +162%
- Modified 5: +300%

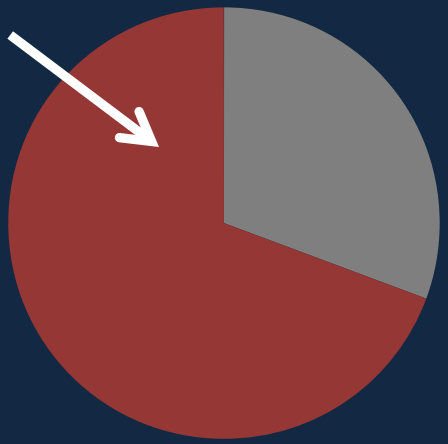
*Sources*: Kaiser Family Foundation, *Pre-existing Conditions and Medical Underwriting in the Individual Insurance Market Prior to the ACA;* Anthem, *Indiana/Kentucky/Ohio*
*Under 65 Underwriting, Medical Conditions & rating guide, Height & Weight build charts and Medical questions*

# A Look at Insurance Policies Before the ACA

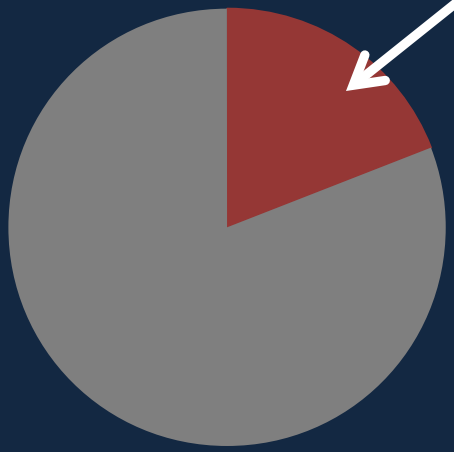
**Individual Coverage, 2008**

## What did plans cover?

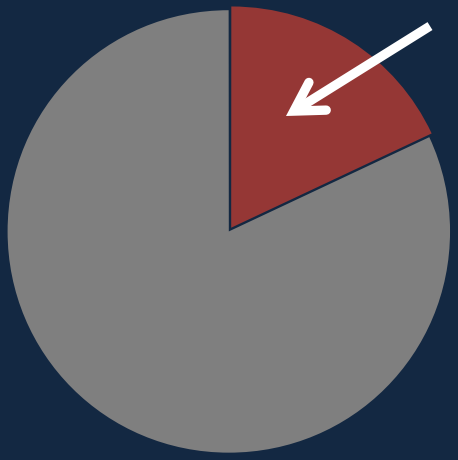
62% lacked coverage for maternity care



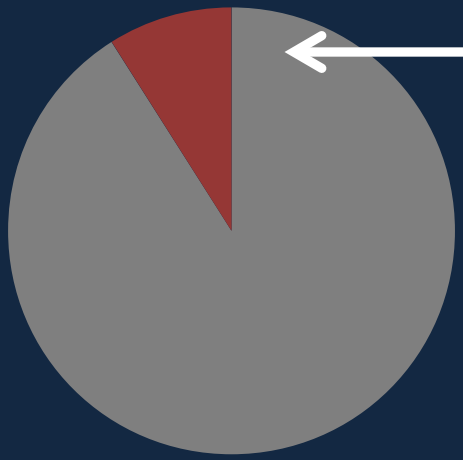
32% lacked coverage for substance use treatment



18% lacked coverage for mental health services



9% lacked coverage for prescription drugs



*Source*: The Century Foundation, *Refresher: Why the ACA's Basic Health Benefits Matter*

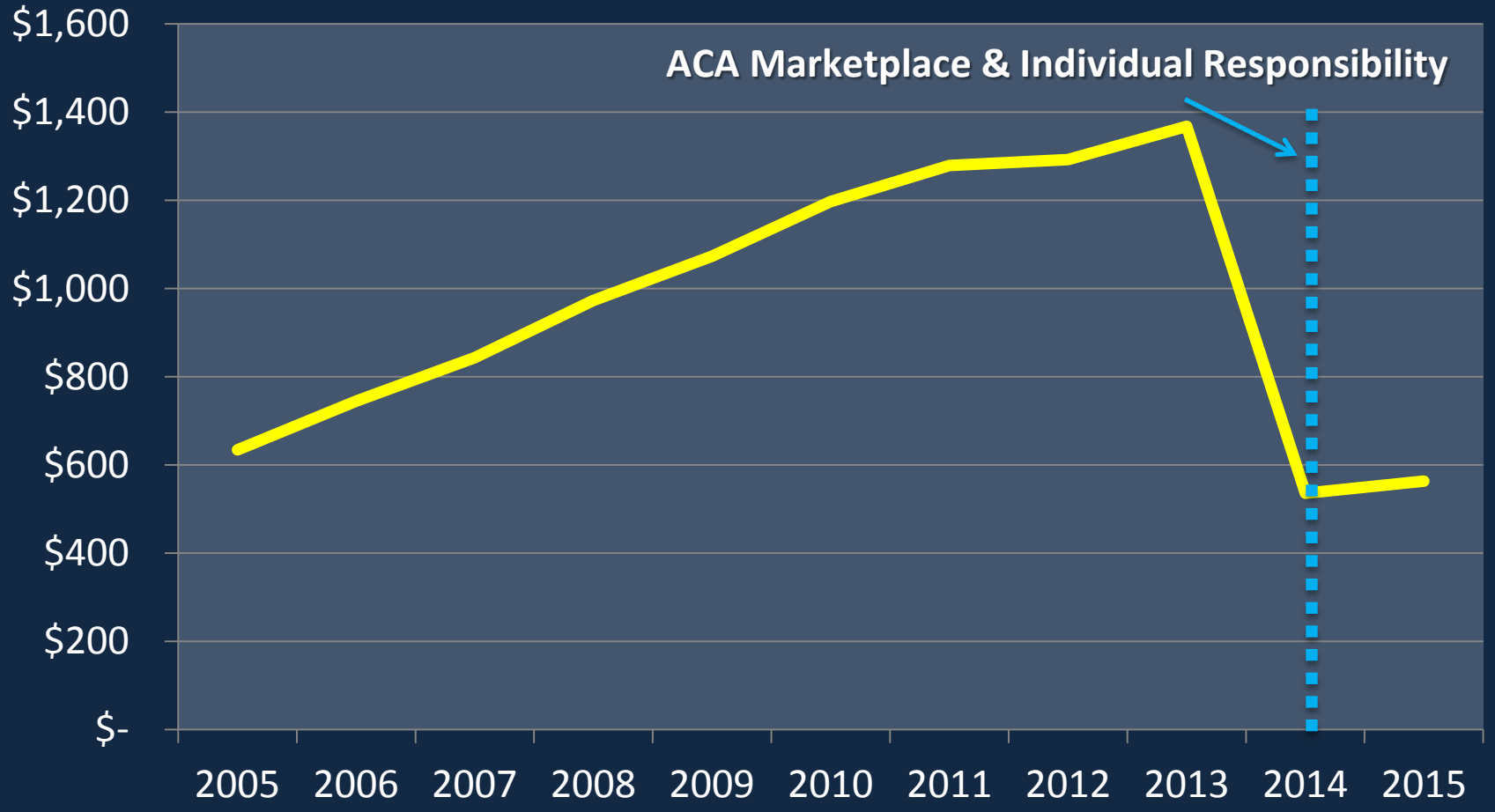
# The Affordable Care Act is Comprehensive

- Health insurance reform needed a comprehensive and universal approach – otherwise people would wait until they get sick to buy insurance.

- Covers everyone to prevent “cherry picking” or adverse selection.

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

**2005 – 2015**




Compiled by Democratic Staff on the Education and the Workforce Committee
*Source:* New York Department of Financial Services

# The ACA Provides Meaningful Benefits & Consumer Protections

## Benefits for Everyone:

✓No discrimination based on preexisting conditions
✓No rescission of benefits
✓Preventive care without co-pay or deductible
✓Young adults can stay on their parents' policies until age 26
✓Caps on out-of-pocket spending
✓No annual/lifetime limits on coverage

## Benefits for Those With Insurance:

- ✓ Greater security if you choose to switch jobs or start your own business
- ✓ Marketplace alternatives if other coverage is inadequate or unaffordable
- ✓ Reduced cost shifting – more people have insurance and can pay for care

## Benefits for Those Without Insurance:

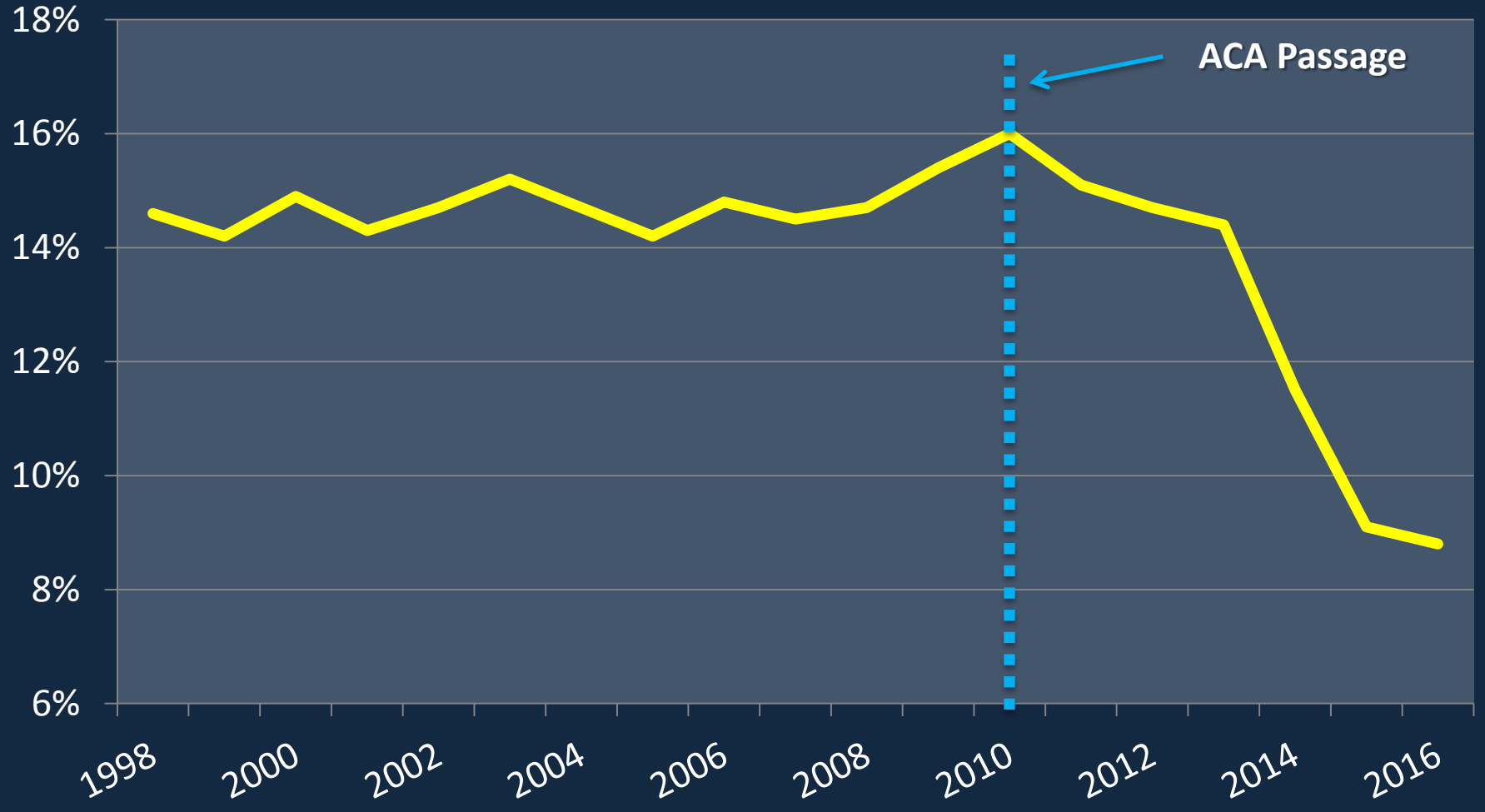
- ✓ Access to a comprehensive plan through the Marketplace or Medicaid in expansion states
- ✓ Financial assistance for families with incomes at or below $97,000 (family of four)

# The Affordable Care Act
## *7 Years Later*

- Overall, over 20 million previously uninsured Americans have gained health insurance coverage.
- 129 million Americans with preexisting health conditions, including 17 million children, no longer have to worry about being denied coverage or charged higher premiums due to their health status.
- More than 11 million seniors have saved more than $23.5 billion on their prescription drugs since 2010 – an average savings of $2,127 per senior.
- Unnecessary hospital readmissions in Medicare have fallen for the first time on record, dropping 8 percent between 2010 and 2015. Since 2010, Medicare beneficiaries have avoided 565,000 hospital readmissions.
- 87,000 lives and nearly $20 billion have been saved due to a 17 percent reduction in hospital-acquired conditions, such as infections, from 2010 to 2014.

# National Uninsurance Rate Drops Dramatically after ACA

## 1998 – 2016

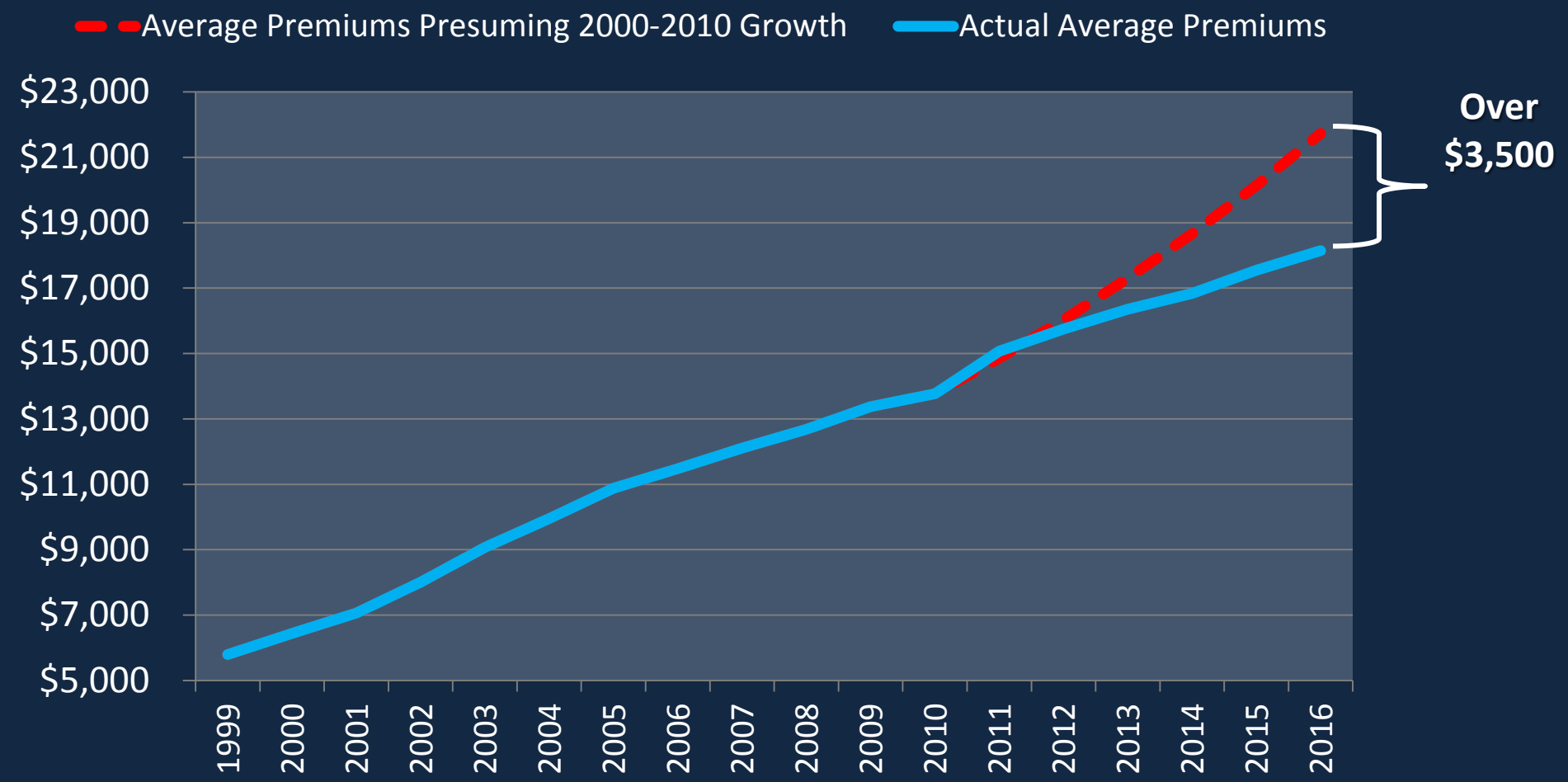



Compiled by Democratic Staff on the Education and the Workforce Committee

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

# Growth in Average Annual Premiums in Employer-Sponsored Insurance Has Slowed

## Family Coverage, 2000 – 2016

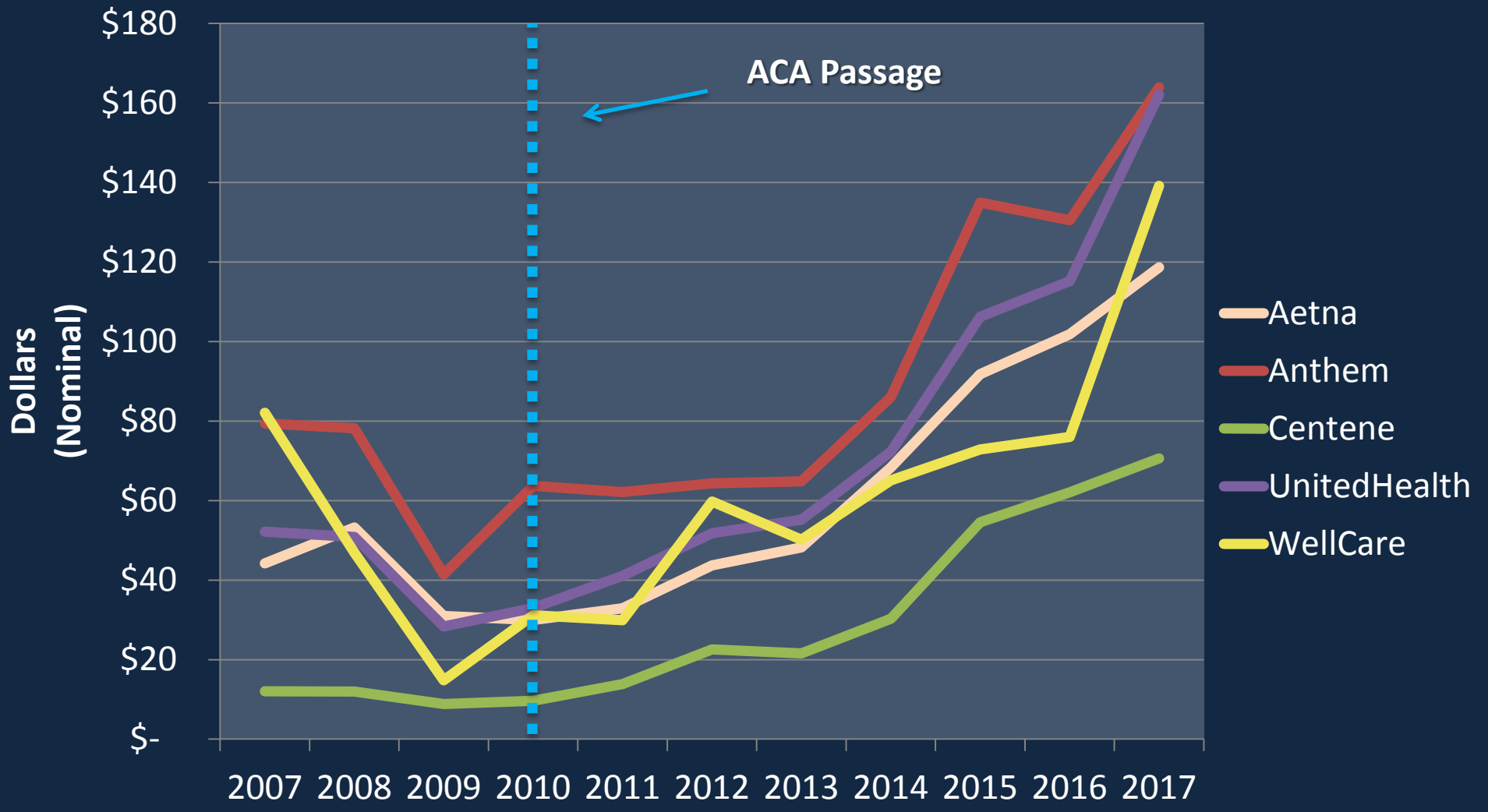



Compiled by Democratic Staff on the Education and the Workforce Committee

*Source*: KFF/HRET Annual Employer Health Benefits Survey & CEA Data

# Health Care Company Stock Prices

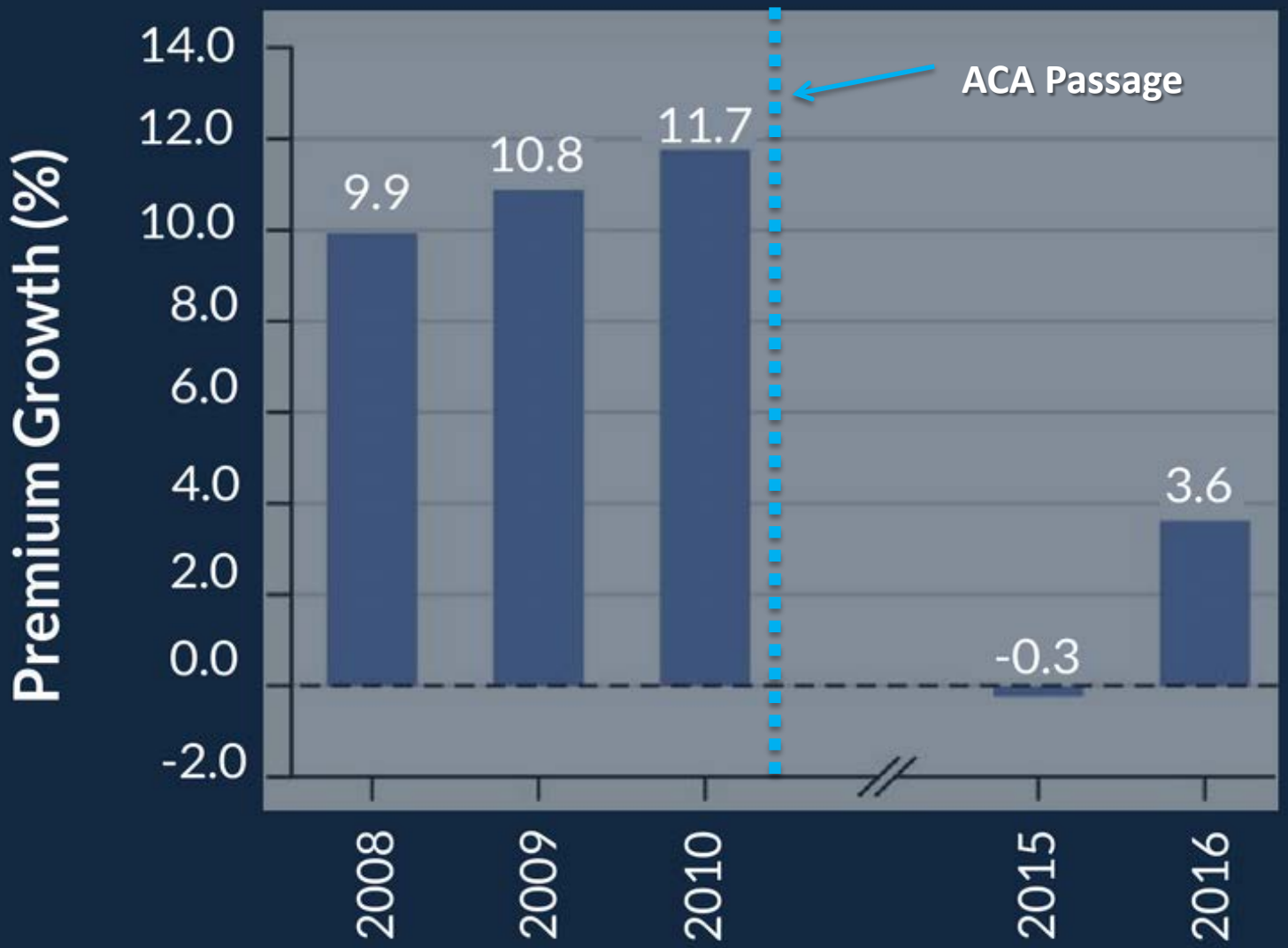
**2007-2017**




**Co**mpiled by Democratic Staff on the Education and the Workforce Committee

*Source:* Morningstar

# Average Premium Growth

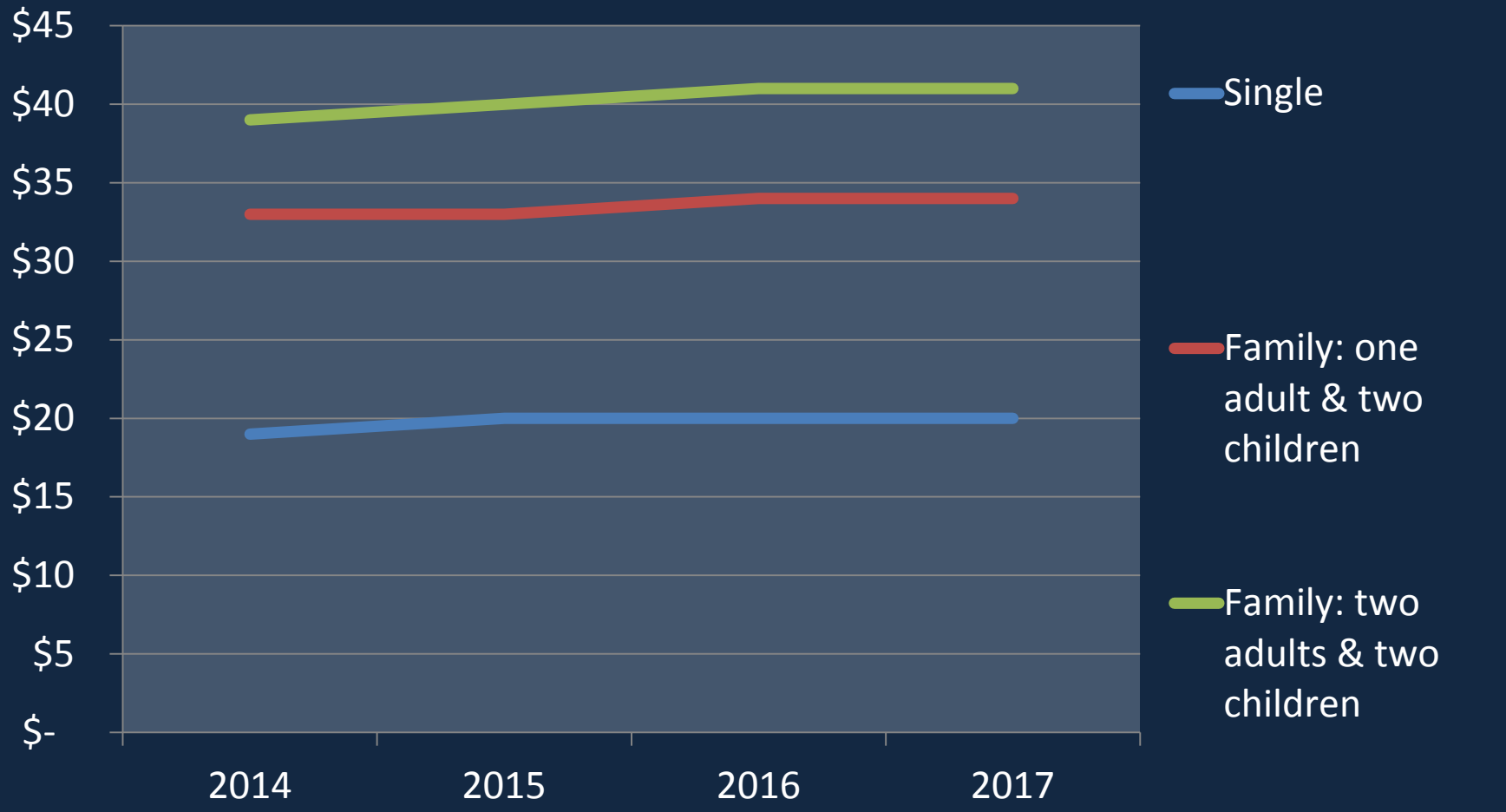



Compiled by Democratic Staff on the Education and the Workforce Committee

*Sources*: KFF, *Analysis of 2016 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces*; Commonwealth Fund, *Growth and Variability in Health Plan Premiums in the Individual Insurance Market before the Affordable Care Act*; NEJM, *Obamacare's Skyrocketing Premiums? Why the Sky Isn't Falling*

# ACA Tax Credit Adapts to Actual Cost

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

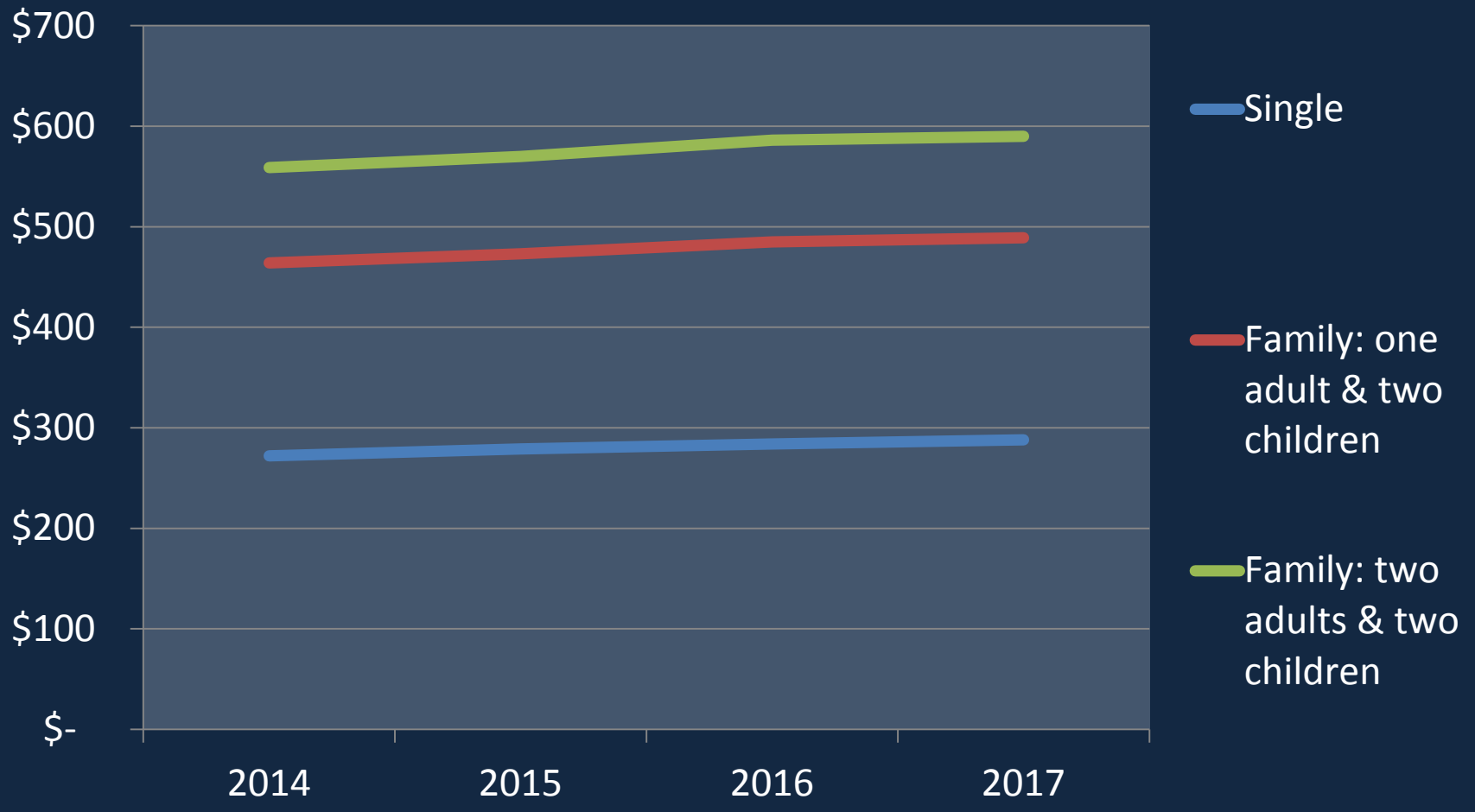



*For 2017 plans, 100% FPL is $11,880 for a single person; $24,300 for a four-person family.*

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.

# ACA Tax Credit Adapts to Actual Cost

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




*For 2017 plans, 300% FPL is $35,640 for a single person; $72,900 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. Single plan in 2014 is not eligible for a tax credit and shows actual cost.

- Over the past seven years, Republicans have voted over 60 times to repeal parts or all of the Affordable Care Act.

- In May, 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.

- Just a few weeks ago, the Senate pulled a scheduled vote on their version of Trumpcare due to lack of support.

# Where is the Senate Bill Now?

- The House-passed version and the current Senate version are similar, with some major differences.

- The legislation continues to evolve in the Senate in attempts to gain sufficient support. Just two days ago, more changes were announced.

- It is likely that further changes will be made before consideration in the Senate.

# What Does the Current Bill Do?

- Provides tax relief for high-income families, insurers, drug companies, and manufacturers of medical devices.
- Changes the current tax credits and cost-sharing subsidies that help families afford health insurance in the Marketplace; changes the income threshold for tax credits so that fewer moderate-income families qualify.
- Allows insurers to charge older adults much higher premiums than what they charge young adults for the same coverage – a practice that is currently prohibited.
- Guts Medicaid – a program that funds health care and supportive services for the elderly, people with disabilities, students, and families – by cutting billions.
- Allows states to roll back protections included in the ACA, including:
  - The protection that requires insurers to provide a minimum set of health benefits, such as maternity care and emergency services
  - The protection that prohibits annual and lifetime limits in coverage, including in plans sponsored by employers

- Next week, the Congressional Budget Office (CBO) will release an updated assessment of Trumpcare legislation that is under consideration in the Senate.

- The previous version was assessed by CBO, though the new assessment is expected to be different.

# 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 22 million in 2026."***

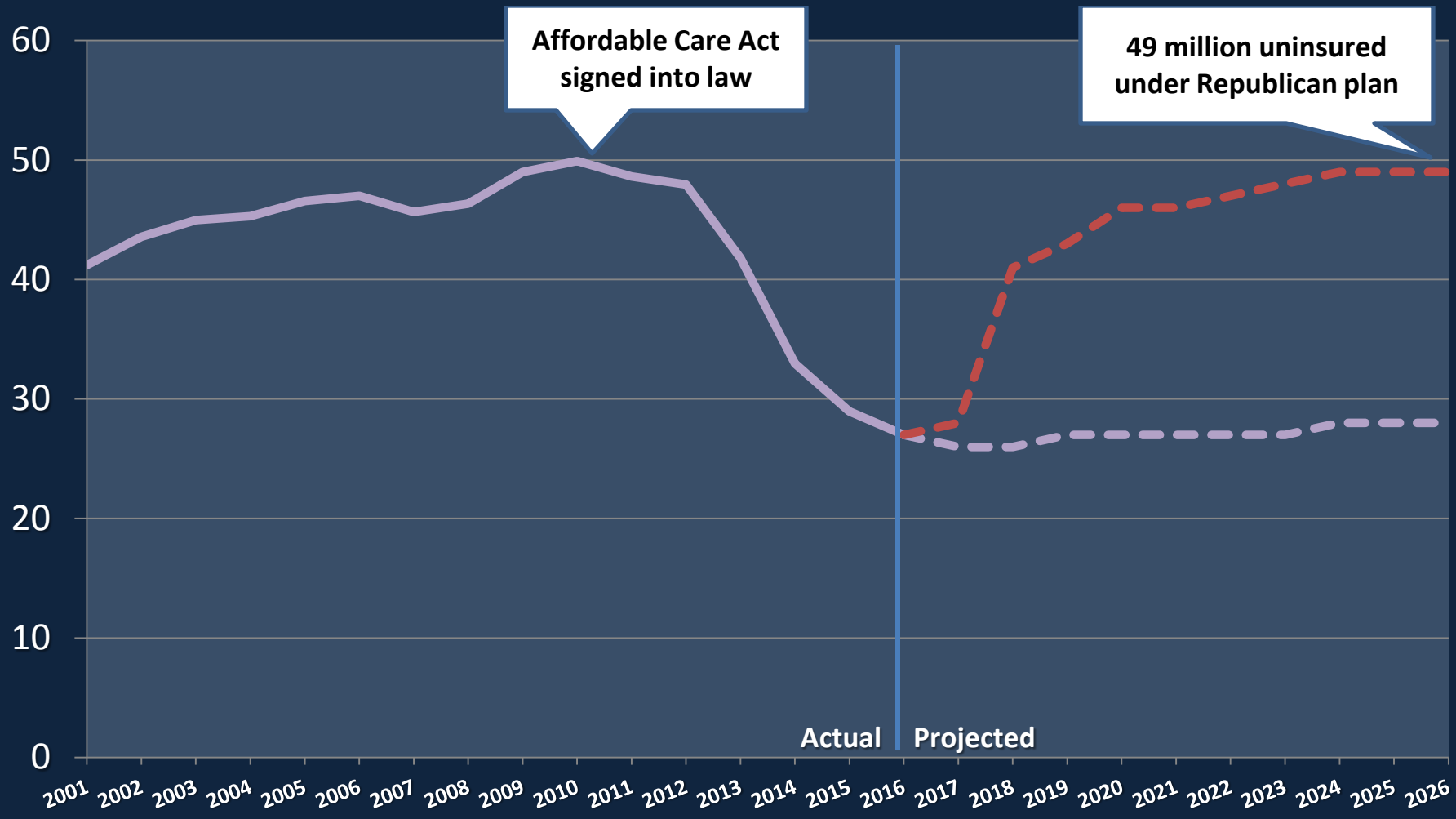
***"Because nongroup insurance would pay for a smaller average share of benefits under this legislation, most people purchasing it would have higher out-of-pocket spending on health care than under current law."***

***"Insurance covering certain services would become more expensive—in some cases, extremely expensive—in some areas because the scope of the EHBs [essential health benefits] would be narrowed through waivers affecting close to half the population..."***

*Source:* Congressional Budget Office, *Cost Estimate of the Better Care Reconciliation Act of 2017*

# Number of Uninsured Would Skyrocket under Trumpcare

Uninsured in millions

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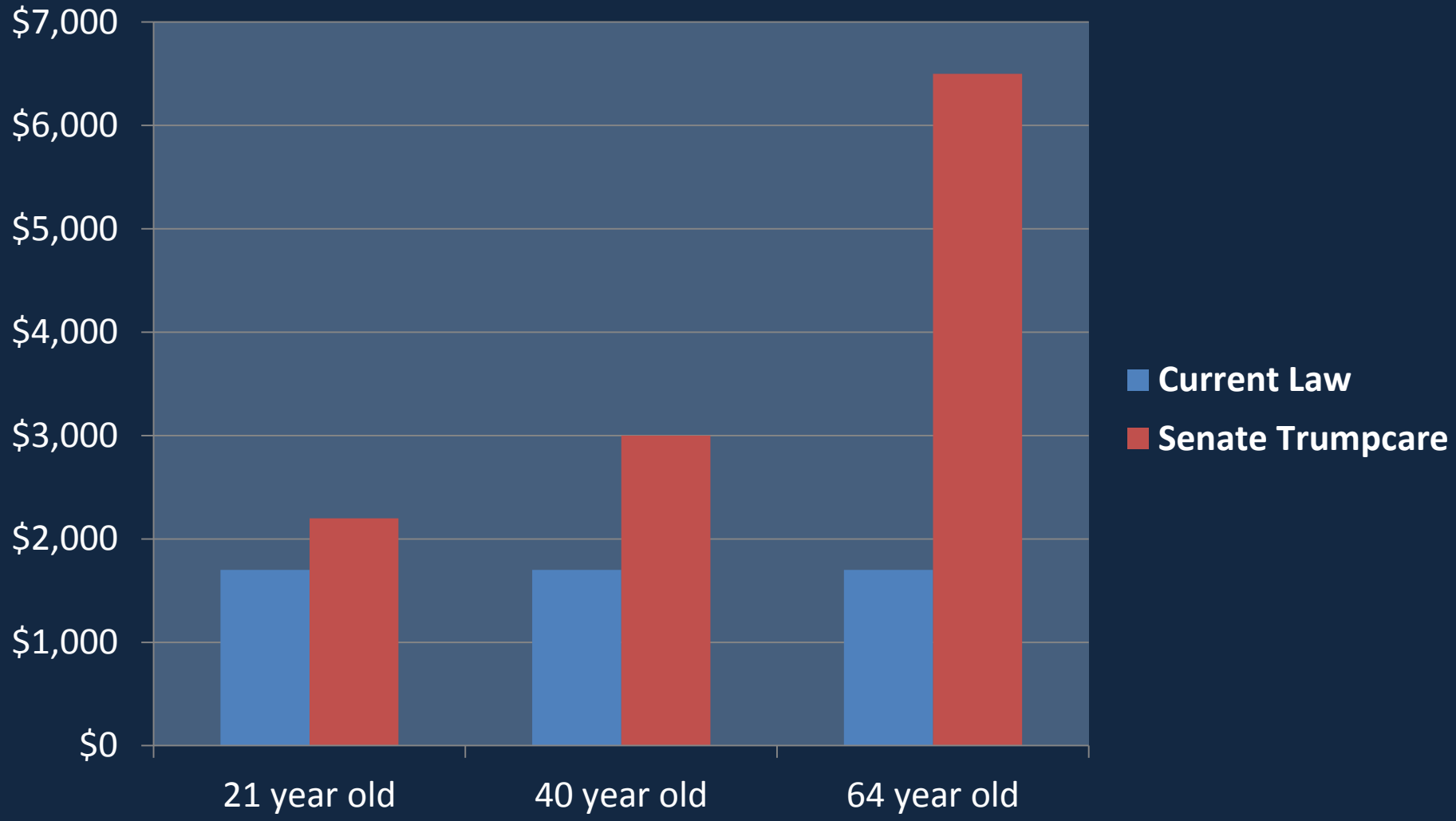
*Source:* Census Bureau, *Health Insurance Coverage Status and Type of Coverage by Selected Characteristics,* years 2001-2015; Congressional Budget Office., *Cost Estimate of the Better Care Reconciliation Act of 2017*

# Trumpcare Increases Costs

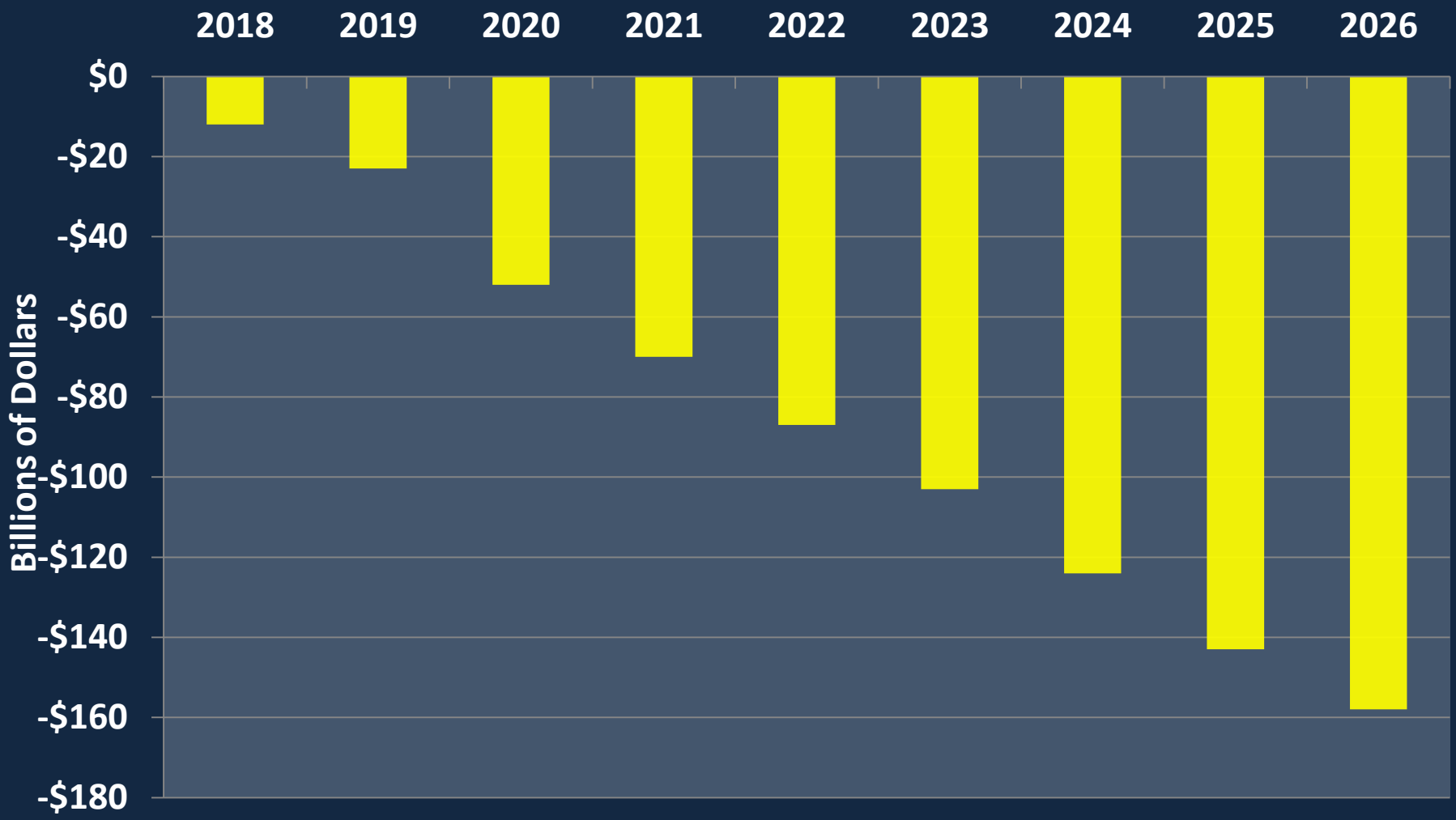
## Premium for a Single Individual With Annual Income of $26,500

### (After tax credit cost for a silver plan)




*Source:* Congressional Budget Office, *Cost Estimate of the Better Care Reconciliation Act of 2017*

# Nearly $800 Billion in Cuts to Medicaid




*Source:* Congressional Budget Office, *Cost Estimate of the Better Care Reconciliation Act of 2017*

# Impact on Communities of Color

***Less Coverage***

- People of color experienced historic increases in coverage under the ACA. Between 2013 and 2015 alone, the uninsured rate for the black population declined by 5 percentage points.
  - **The latest estimates show that Senate Trumpcare will strip away coverage from 10.6 million people of color in 2022.**

***Less Care***

- People of color make up 58% of Medicaid enrollees and suffer disproportionately from a range of health disorders, including asthma, diabetes, and heart disease.
  - **Senate Trumpcare cuts almost $800 billion out of Medicaid and will leave families with fewer or no options for needed services.**

- Planned Parenthood provides health services—such as physicals, cancer screenings, and contraceptive care—to nearly 1 million people of color. Without Planned Parenthood health centers, many women and men of color will be unable to find and receive high-quality, affordable health care.
  - **Senate Trumpcare defunds Planned Parenthood.**

*Source:* Center for American Progress, *3 Ways the Senate Health Care Bill Would Devastate Communities of Color*

# By Every Measure, Trumpcare is Worse Than Current Law

## Number of People with Insurance ↓

22 million more people without insurance and 4 million people lose access to job-based coverage almost immediately.

## Quality of Coverage ↓

In about half the country, states would seek to severely limit coverage of essential health benefits, such as maternity and newborn care, prescription drugs, mental health services, and addiction treatment. Insurers would also once 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, 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 the Better Care Reconciliation Act of 2017*

# Continued…

## Cost of Coverage↑

Imposes an 'age tax' on older Americans between the ages of 50 and 64, who will see their premiums skyrocket. A typical low-income 64-year-old would pay, on average, $4,800 more in premiums in 2026 than under current law to purchase a silver plan, while also having to pay thousands of dollars more in deductibles.

## Jobs ↓

All else being equal in the economy, earlier estimates showed that the Senate version of Trumpcare could result in 1.5 million fewer jobs, hurting American workers and the economy.

## Tax Breaks for the Wealthy↑

Billions in tax breaks to the rich and corporations. Earlier estimates showed that, on average, those making more than $1 million a year would receive a tax cut of $50,000 a year.

*Sources:* Congressional Budget Office, *Cost Estimate of the Better Care Reconciliation Act of 2017;* CBPP, *House GOP Health Plan Eliminates Two Medicare Taxes, Giving Very Large Tax Cuts to the Wealthy;* CBPP, *New CBO Estimate: 22 Million More Uninsured Under Senate Republican Health Bill;* Commonwealth Fund, *The Better Care Reconciliation Act: Economic and Employment Consequences for States*

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