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## CBPP STATEMENT

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### **STATEMENT OF ROBERT GREENSTEIN, PRESIDENT: COURT DECISION WILL ALLOW HEALTH REFORM TO BRING MAJOR BENEFITS TO THE NATION, ESPECIALLY IF STATES DO THEIR JOB**

Today's Supreme Court decision allows the nation to reap the very substantial benefits of the Affordable Care Act: health insurance coverage for millions of uninsured Americans, important consumer protections for millions of insured Americans whose coverage has serious gaps, and the promise of progress in slowing the growth of health care costs.

States and the federal government should move forward immediately to get ready for 2014, when the law's major coverage expansions are scheduled to take effect. State and federal policymakers should prepare to launch health insurance exchanges and to enroll millions of people in Medicaid beginning in January 2014.

These efforts still face significant challenges — including a major new challenge as a result of one aspect of the court decision, as explained below. For both states and the federal government, much work lies ahead to establish health insurance exchanges, set up enrollment processes that work smoothly both for the exchanges and Medicaid, and complete other critical tasks by the 2014 deadline. The timeframe is short, particularly in states that have made little progress since the law's passage.

#### **The Biggest Challenge**

The single biggest challenge may lie in the decisions that states make regarding health coverage for uninsured people living below the poverty line — primarily working-poor parents and other adults who work for low wages. The Affordable Care Act made those people eligible for Medicaid, but the court decision appears to make the law's requirement that states expand Medicaid to cover all individuals up to 133 percent of the poverty line essentially a state option.

A state would have little basis for refusing to implement the Medicaid expansion, other than for narrow ideological reasons. The Affordable Care Act provides 100 percent federal funding for the expansion for its first three years, phasing down after that to 90 percent federal funding. And the expansion, by greatly reducing the number of uninsured, will enable states and localities to save substantial sums on uncompensated care for the uninsured. (A new Center blog post examines this issue in more detail: <http://www.offthechartsblog.org/health-reforms-medicaid-expansion-is-a-very-good-deal-for-states/>.)

But in any state that does refuse to implement the expansion, a shocking inequity will arise. People with incomes between 100 percent and 400 percent of the poverty line will be eligible for subsidies to help them

afford coverage in the new health insurance exchanges. But people *below* the poverty line will *not* be eligible, because the Affordable Care Act assumes they'll be in Medicaid instead.

In the typical (or median) state today, a working-poor parent loses eligibility for Medicaid when his or her income reaches *63 percent* of the poverty line; an unemployed parent loses eligibility at just 37 percent of the poverty line. In states that refuse to implement the Medicaid expansion, people with incomes between levels such as these and the poverty line will be ineligible for *both* Medicaid and subsidies to purchase coverage in the exchanges; their incomes will be too high for the former and too low for the latter. It will be up to state policymakers to avert such a deeply inequitable outcome by moving forward with the Medicaid expansion.

### **Court Decision Allows Key Advances Under Health Reform to Continue**

As a result of the decision, a number of important consumer protections and benefit improvements will remain in place, and others will take effect in 2014 as scheduled. The Affordable Care Act already bars insurers from imposing “lifetime limits” on benefits, meaning that insurance companies can’t cut off care for people with costly medical conditions. Also, insurers may not deny coverage to children with pre-existing health conditions like cancer, autism, or diabetes, and this rule will apply to adults, as well, starting in 2014. Insurers also won’t be able to charge higher premiums to women or sicker people and will face restrictions on their ability to charge older people more.

With the law in place, prescription drugs will continue to be more affordable for many seniors and people with disabilities. Health reform has already begun providing discounts to close the “doughnut hole,” the gap in Medicare prescription drug coverage that many seniors experienced once their annual drug costs exceeded \$2,930. The discounts will increase each year until the law closes the entire doughnut hole by 2020.

The court decision also means that the Affordable Care Act’s initiatives to begin slowing the growth in health care costs across the economy can continue. Rising health care costs are putting pressure on the budgets of families, businesses, and public programs like Medicare and Medicaid. Health reform makes progress in this critical area by instituting various cost-sharing measures and taking a number of steps to identify and implement changes in health care delivery that can lower costs while improving the quality of care.

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