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CBO Continues to Show Millions Would Pay More for Less Under House Republican Health Bill

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Along with increasing the number of uninsured by 23 million, the House Republican bill to “repeal and replace” the Affordable Care Act (ACA) would force millions of people in the individual market to pay more for health insurance and health care, the Congressional Budget Office’s (CBO) analysis¹ finds — especially older people and people with pre-existing conditions. House Speaker Paul Ryan, among others, has misleadingly stated² that the CBO analysis “confirms that the American Health Care Act [AHCA] achieves our mission: lowering premiums.” But in claiming success, even on that narrow goal, supporters of the AHCA either misunderstand or misrepresent CBO’s conclusions.

CBO finds that breaking the ACA’s fundamental structure would result in people paying much higher premiums for skimpier coverage that requires them to pay much more in deductibles and other out-of-pocket costs. And, in states that waive critical ACA market reforms barring insurers from charging higher premiums based on health status and requiring them to cover “essential health benefits,” people with pre-existing conditions would face even sharply higher premiums. Some would be unable to obtain coverage at all.

The CBO report shows that in *all* states, millions of people would pay more under the AHCA due to its less generous tax credits and elimination of cost-sharing subsidies. The premium decrease that Republicans are touting is the average change in the sticker price of health insurance, *without* accounting for the AHCA’s large cuts to tax credits that reduce premiums for most people. We have calculated that the AHCA would cut tax credits by an average of \$2,200 for current marketplace consumers in HealthCare.gov states, with consumers in 12 high-cost states

¹ “Congressional Budget Office Cost Estimate: H.R. 1628, American Health Care Act of 2017, As passed by the House of Representatives on May 4, 2017,” May 24, 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>.

² Gabrielle Levy, “Congressional Budget Office Releases Trumpcare Score,” *U.S. News & World Report*, May 24, 2017, <https://www.usnews.com/news/politics/articles/2017-05-24/cbo-blue-23-million-lose-coverage-under-american-health-care-act-deficit-trimmed-119-billion>.

losing more than \$3,000 on average.³ (While our analysis examined an earlier version of the bill, these numbers are the same for the House-passed version, because its tax credit provisions haven't changed.)

On top of that, about 6 million lower-income consumers would lose ACA subsidies that help cover deductibles, copays, and coinsurance — without any replacement. Overall, CBO estimates that the AHCA would cut nearly \$300 billion from subsidies that help low- and moderate-income people afford coverage and care, with the inevitable result that millions of these consumers would pay more.

CBO also outlines how sticker-price premiums, and the coverage they pay for, would change in three categories of states. These are: states that take advantage of the AHCA's MacArthur amendment⁴ to eliminate the ACA's two key consumer protections, those that adopt "moderate" waivers weakening those protections, and those that do not waive consumer protections.

- **In states that entirely waive ACA's core consumer protections, people with serious pre-existing conditions would be unable to buy coverage — in effect, they would face an *infinite* premium because coverage would not be available to them at any price.** CBO expects states with one-sixth of the nation's population to make up this first category. In these states, premiums for healthy people would fall, but only because "less healthy individuals (including those with preexisting or newly acquired medical conditions) would be unable to purchase comprehensive coverage with premiums close to those under current law and might not be able to purchase coverage at all." Less healthy people would face "extremely high premiums," which "would continue to increase rapidly" over time.

As CBO explains, "such a market would be similar to the nongroup market before the enactment of the ACA, in which premiums were underwritten and plans often included high deductibles and limits on insurers' payments, and people with high expected medical costs were often unable to obtain coverage."

Notably, while the AHCA purports to protect people with pre-existing conditions who maintain continuous coverage, CBO, like other analysts,⁵ concludes that the bill would "potentially allow the spread of medical underwriting [that is, charging people higher premiums based on their health status] to the entire nongroup market in a state rather than limiting it to those who did not have continuous coverage." Moreover, as states eliminate "essential health benefits" requirements for what plans have to cover, people would see very

³ Aviva Aron-Dine and Tara Straw, "House GOP Health Bill Still Cuts Tax Credits, Raises Costs by Thousands of Dollars for Millions of People," Center on Budget and Policy Priorities, March 22, 2017, <http://www.cbpp.org/research/health/house-gop-health-bill-still-cuts-tax-credits-raises-costs-by-thousands-of-dollars>.

⁴ Aviva Aron-Done, Edwin Park, and Jacob Leibenluft, "Amendment to House ACA Repeal Bill Guts Protections for People with Pre-Existing Conditions," Center on Budget and Policy Priorities, updated April 27, 2017, <http://www.cbpp.org/research/health/amendment-to-house-aca-repeal-bill-guts-protections-for-people-with-pre-existing>.

⁵ Matthew Fiedler, "New amendment to GOP health bill effectively allows full elimination of community rating, exposing sick to higher premiums," Brookings Institution, April 27, 2017, <https://www.brookings.edu/blog/up-front/2017/04/27/new-amendment-to-gop-health-bill-effectively-allows-full-elimination-of-community-rating-exposing-sick-to-higher-premiums/>.

large gaps in benefits and the return of annual and lifetime limits, sharply increasing their out-of-pocket costs. Some plans wouldn't even cover major medical risks and "would not provide enough financial protection in the event of a serious and costly illness to be considered insurance," CBO states.

- **In states that make more “moderate” changes to consumer protections, premiums would fall because plans would cover much less.** CBO expects states with one-third of the population to be in this category. Average premiums in these states would fall by 20 percent, CBO finds, “primarily because, on average, insurance policies would provide fewer benefits” as states substantially weaken the ACA’s essential health benefits requirements.

The people most at risk would be those needing maternity care, mental health and substance use treatment, or expensive drugs. CBO explains that “out-of-pocket spending on maternity care and mental health and substance abuse services could increase by thousands of dollars in a given year for the nongroup enrollees who would use those services,” and “enrollees who use expensive drugs could see large increases in out-of-pocket spending.” CBO offers the specific example of maternity coverage, concluding that such coverage would likely be excluded from standard plans and sold separately with premiums exceeding \$1,000 per month.

- **In states that don’t waive consumer protections, average premiums for the mix of people buying coverage today would go up.** CBO expects states with half the population to be in this category. Average sticker-price premiums would fall 4 percent by 2026 in these states, CBO finds, “mostly because a younger and healthier population would be purchasing the insurance.” Because older people pay higher premiums, pricing them out of the market entirely would lower average premiums. For example, if a 64-year-old drops out of the market altogether because she can’t afford insurance, that lowers the *average* premium in the individual market since she no longer appears in the calculations — even if nobody’s *actual* premium goes down.

CBO notes that, “for the half of the population in states that would not request waivers, the effects that CBO and JCT [the Joint Committee on Taxation] estimate for the House-passed version are similar to those in the prior estimates.” Based on those prior estimates, a Brookings analysis concluded that average premiums for a fixed population of individual-market enrollees would *rise*.⁶ Moreover, those higher premiums would be for plans with much higher deductibles and other cost sharing, despite President Trump’s promise to bring down deductibles. On an apples-to-apples basis, average premiums for the current population of enrollees and the same level of comprehensive coverage would go up even further.

⁶ Matthew Fiedler and Loren Adler, “How will the House GOP health care bill affect individual market premiums?” Brookings Institution, March 16, 2017, <https://www.brookings.edu/blog/up-front/2017/03/16/how-will-the-house-gop-health-care-bill-affect-individual-market-premiums/>.