The House-Passed Health Bill Can't Be Fixed

The House-passed health bill — the American Health Care Act, or AHCA — slashes programs that help people get health coverage, using most of the savings to pay for tax cuts for high-income households and corporations. The bill would effectively end the Affordable Care Act's (ACA) Medicaid expansion for low-income adults; cut and radically restructure Medicaid funding for seniors, people with disabilities, and families with children; increase premiums, deductibles, and other out-of-pocket costs for millions of people with individual market coverage; let states allow insurers to offer plans with large benefit gaps and charge sharply higher premiums to people with pre-existing conditions; and give millionaires tax cuts averaging more than $50,000 per year, partly at the expense of the Medicare trust fund.

According to the Congressional Budget Office (CBO), these features of the House bill would cause 23 million more people to go without health insurance by 2026. That means that almost 1 out of every 10 non-elderly Americans who would have health insurance under current law would instead be uninsured as a result of this bill.

The House bill isn't fixable. Virtually every provision causes people to lose coverage, makes coverage less affordable or less comprehensive, or cuts taxes for high-income people.

Cuts Medicaid by $834 Billion and Ends the Program as We Know It

The House bill would cut Medicaid by $834 billion over ten years — or 24 percent in 2026 — through two major changes.

The bill effectively ends the ACA's Medicaid expansion, which has allowed 31 states and Washington, D.C., to provide coverage to 11 million low-income adults. Starting in 2020, states would have to pay three to five times as much as they do now to cover new expansion enrollees, forcing most or all states to end their expansions. Medicaid expansion has improved access to care and financial security for enrollees — increasing the share of low-income adults who are able to see a doctor and fill needed prescriptions, while reducing the share who are dependent on the emergency room for care or burdened with medical debt. It has also cut uncompensated care costs for states and hospitals and let states treat more people coping with substance use disorders, including opioid addiction. The House bill would reverse these gains.

The bill also ends Medicaid as we know it for seniors, people with disabilities, and families with children. Today, Medicaid is a federal-state partnership, with the federal government covering a fixed share of the total cost of providing health care to vulnerable populations. The House bill would replace that partnership with either an arbitrary cap on per-enrollee federal Medicaid funding (a "per capita cap") or a block grant, both of which would cover a falling share of actual costs over time. Consequences include:

- Growing cuts to eligibility and benefits. To absorb the large and growing federal funding cuts from the House bill's per capita cap or block grant, states would have to limit eligibility, cut benefits, or both. Certain services could be especially vulnerable to cuts. For example, home- and community-based services are an optional benefit that most states already limit based on available funds. Faced with large federal funding cuts, states would almost certainly reduce access to these services, which help some 3 million seniors and people with disabilities remain in their homes, instead of having to be placed in a nursing home.

- Making it harder for states to respond to crises. Cuts from the House bill's per capita cap or block grant would be deepest precisely when need is greatest, since federal Medicaid funding would no longer increase automatically in response to public health emergencies like the opioid epidemic or a natural disaster.

Millions Would Pay More in Premiums, Get Less in Tax Credits, and Face Higher Deductibles

Millions of people — especially older Americans — would pay far more under the House bill. Setting aside its provisions raising costs for people with pre-existing conditions (discussed below), the bill would raise total out-of-pocket costs — premiums, deductibles, copays, and coinsurance — by an average of $3,600 in 2020 for people who buy health insurance through the ACA marketplaces.

- People will pay thousands more for premiums. Under the bill, the tax credits to help people afford their premiums would fall by an average of $2,170 in 2020. At the same time, the average “sticker price” for premiums would rise modestly for current consumers, in contrast to Republican claims that their plan would bring down costs. That means the average individual with marketplace coverage would pay over $2,400 more just to cover premium costs.
- Deductibles and other out-of-pocket costs will rise. The House bill would make it more likely that insurers would offer only higher-deductible plans. And it would repeal ACA cost-sharing subsidies that keep out-of-pocket costs lower for many low- and moderate-income Americans. The result: People would pay higher premiums for plans with sharply higher deductibles, copays, and coinsurance.
- Older Americans will face even greater challenges. The House bill lets insurers charge older people much higher premiums and cuts older people’s tax credits the most. For a typical 60-year-old making $22,000 a year, premiums (after accounting for tax credits) would rise by more than $8,000, or almost eight-fold.

Removes Protections for People with Pre-Existing Conditions

The House bill removes key protections that the ACA put in place nationwide to ensure that insurance covers essential health services and let people with pre-existing conditions get affordable coverage. Under the House bill, decisions about whether to keep these protections would once again be left up to states. As a result:

- Plans could go back to excluding key services. Before the ACA, plans frequently excluded coverage for services like maternity care, mental health treatment, or prescription drugs. CBO estimates that, under the bill, half the population would live in states where plans would no longer cover such services. That means that even if people with pre-existing conditions could afford their premiums, their health insurance might exclude the treatment they need.
- Plans could again put annual and lifetime limits on coverage — including employer-sponsored coverage. Before the ACA, 105 million people, most with coverage through their employers, had plans with lifetime limits on benefits, meaning their insurance coverage could end exactly when they needed it most. Waiving the ACA’s standards for the services that plans must cover in effect waives its bans on annual and lifetime limits as well.
- People with pre-existing conditions could face unaffordable premiums. CBO estimates that one-sixth of Americans would live in states that would let insurers set premiums based on health status in a substantial part of the non-group market. In these states, CBO concludes, “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.”

$660 Billion in Tax Cuts for the Wealthy, Insurers, and Drug Companies

The House bill uses most of the savings from cutting marketplace subsidies and Medicaid to pay for about $660 billion in tax cuts that go primarily to the wealthy, insurers, and drug companies.

- High-income tax cuts. The AHCA repeals two Medicare taxes that apply only to families with incomes over $250,000 ($200,000 for singles). By 2025, tax cuts would average over $50,000 per year for households with annual incomes exceeding $1 million. And the 400 highest-income taxpayers — whose annual incomes average more than $300 million — would get annual tax cuts averaging roughly *$7 million each*.
- Tax cuts for insurers and drug companies. The bill repeals taxes on health insurers, drug companies, and medical device manufacturers — benefitting these companies and their investors, while deepening the cuts to coverage that must be made to pay for these tax breaks.

Accelerates Depletion of Medicare Trust Fund

The House bill would repeal a payroll tax increase on high earners that helps fund Medicare and would increase certain Medicare payments to hospitals. These changes would accelerate the depletion of Medicare’s Hospital Insurance trust fund by about two years (from 2028 to 2026), exposing seniors and people with disabilities to future benefit cuts.

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