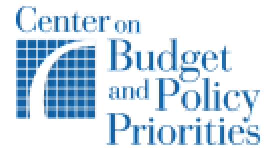
How the Senate Health Bill Would Affect Health Insurance Coverage in Kansas



The Senate health bill would impact the availability, quality, and affordability of coverage for tens of thousands of people in Kansas. The Urban Institute estimates that the bill would cause 120,000 Kansans to lose coverage in 2022.[1] That would increase the state's uninsured rate among non-elderly residents from 13.6 percent to 18.3 percent, a 35 percent increase.

Yet even these numbers understate the bill's impact on Kansas. In addition to causing more than 100,000 people to lose coverage, the bill would make coverage worse or less affordable for many more. And while it would do the most harm to those who get coverage through Medicaid or the marketplace, it could also hurt Kansans with employer coverage.

Impact on Marketplace Consumers

About 85,000 Kansans obtain coverage through the Affordable Care Act (ACA) marketplace.[2] The Senate bill would make coverage and care significantly less affordable for four groups of Kansas marketplace consumers.

1. Older marketplace consumers with incomes between 350 and 400 percent of the poverty line (about $42,000 to $48,000 for a single person). The Senate bill eliminates premium tax credits for people in this income range. In Kansas, that would mean that a 60-year-old with income just above 350 percent of the poverty line would lose $6,906 in tax credits in 2020 and see premiums increase to at least a quarter of her income.[3]

Marketplace consumers with incomes between $42,000 and $48,000 are often entrepreneurs, self-employed people, and early retirees, who depend on the individual market for health insurance coverage and rely on tax credits to afford it.

2. Most marketplace consumers with incomes between 200 and 350 percent of the poverty line (about $24,000 to $42,000). The Senate bill makes two major changes to tax credits for people in this income range. First, it rearranges the ACA tax credit schedule, so that older people would pay a larger share of their income in premiums and younger people a smaller share. Second, it cuts tax credits across the board by linking them to less generous coverage — effectively basing them on bronze rather than silver plans.

The latter change would leave consumers with a choice: purchase coverage with far higher deductibles, or pay more to maintain the coverage they have now. The median bronze plan had a deductible of $6,300 in 2016, compared with a median deductible of $3,000 in silver plans.[4] Thus, most Kansans with incomes between about $24,000 and $42,000 would either see their deductibles double or pay significantly more in premiums to maintain the coverage they have now.

On top of that, older people in this income range would see higher premiums *even if* they switched to higher-deductible plans, because of the Senate bill's changes to the tax credit schedule. For example, a 60-year-old Kansan with income of $40,000 in 2020 could choose between paying about $1,500 more in premiums and seeing her deductible double, or paying about $3,500 more in premiums to maintain her current coverage.

3. Consumers with incomes between 100 and 200 percent of the poverty line (about $12,000 to $24,000 for a single person). Starting in 2020, the Senate bill eliminates the cost-sharing reduction subsidies that currently bring down deductibles, copays, and other out-of-pocket costs for lower-income marketplace consumers.[5] In combination with the bill's provision basing tax credits on bronze plans, the result is that deductibles for people in this income group would increase from well under $1,000 to about $6,300.

Deductibles at these levels would almost certainly prevent lower-income people from accessing needed care. And, faced with deductibles that would prevent them from actually using their health insurance, many low-income people would likely drop coverage altogether.

4. Older people at higher income levels. For higher-income Kansans purchasing unsubsidized coverage through the marketplace (or in the off-marketplace individual market), the major change in the Senate bill is the provision allowing insurers to charge older people premiums five times as high as younger people. In general, this change would result in premiums rising for older people, while younger people's premiums would fall. But the increase for older people would be

much larger than the decrease for younger people. For example, the Congressional Budget Office (CBO) estimates that silver plan premiums would rise by $5,200 on average (nationally) for 64-year-olds in 2026, while falling by only $1,000 for 21-year-olds.[6]

Taking into account all of the changes discussed above, the Kaiser Family Foundation estimates that the Senate bill would result in Kansans paying an average of *82 percent more* in premiums (net of tax credits) for silver plans as they would under current law.[7]

In addition, all Kansans purchasing individual market coverage could be impacted by the Senate bill provision allowing states to waive essential health benefit standards. Commenting on a similar provision of the House bill, CBO found that states comprising about half of the nation's population would choose to waive at least some essential health benefits rules, and that "maternity care, mental health and substance use benefits, rehabilitative and habilitative services, and pediatric dental benefits" would be the most at risk. As CBO explained, people needing these services "would face increases in their out-of-pocket costs. Some people would have increases of thousands of dollars in a year." Likewise, services like pregnancy would likely only be available as coverage "riders," which would be priced based on the assumption that only people who needed the relevant services would buy them. CBO noted that supplemental coverage for maternity care could cost more than $1,000 a month.[8]

Weakening essential health benefits standards would especially harm people with pre-existing conditions. As the American Cancer Society explains, "While the Senate bill preserves the pre-existing condition protections, it allows states to waive the essential health benefits (EHBs) which could render those protections meaningless. Without guaranteed standard benefits, insurance plans would not have to offer the kind of coverage cancer patients need or could make that coverage prohibitively expensive."[9]

Impact on Kansans in the "Coverage Gap"

One group that might appear to benefit from the Senate bill are the tens of thousands of Kansans in the so-called coverage gap, adults with incomes below the poverty line who currently have access to neither Medicaid coverage nor marketplace subsidies, because Kansas did not expand Medicaid. Under the Senate bill, this group could access marketplace subsidies. Nonetheless, they are likely to gain very little, and could actually be made worse off.

- First, premiums alone would put coverage out of reach for many people with incomes below the poverty line. Under the Senate bill, this group would have to pay premiums equaling 2 percent of their income to purchase individual market coverage. A large body of research finds that premiums at these or even lower levels put coverage out of reach for many people in poverty.[10]
- More important, because the Senate bill eliminates cost sharing reduction subsidies and bases tax credits on bronze rather than silver plans, the benchmark plans people could purchase for 2 percent of income would have deductibles of about $6,300.[11] (Note that the poverty line for a single adult is about $12,000.)

  Even if they could afford their premiums, lower-income people enrolled in benchmark coverage could not afford the out-of-pocket payments required to obtain health care. And, knowing that, they would be even less likely to sign up for coverage and cut back on other expenses like rent, transportation, or food in order to stay current on premiums.

Meanwhile, *the Senate bill would likely prevent Kansas from ever expanding Medicaid*, since it bars states that have not yet expanded from receiving the enhanced federal match (even before the higher match phases out for all states from 2021-2023). Thus, Kansans in poverty would lose any chance to benefit from expansion, while gaining access to coverage that would be worth very little to them.

Impact on Kansans Currently Covered by Medicaid

The Senate bill would convert virtually the entire Medicaid program to a per capita cap, with cap rates set well below projected medical costs. To give a sense of magnitudes, had a per capita cap at the House bill growth rates been in effect through the 2000s, federal Medicaid spending would have been cut by about $18 billion in 2011, and states would have had to increase their own spending by an average of 11 percent that year to make up for the federal cuts. Under the

Senate bill, the cut would have risen to $27 billion, requiring states to increase their own spending by an average of 17 percent.[12] Under either approach, but especially the Senate bill, the cuts would deepen dramatically over the long run.[13]

Cuts of this magnitude would necessarily jeopardize coverage and reduce the quality of coverage for Kansas seniors, people with disabilities, families with children, and pregnant women covered by Medicaid. Certain services could be especially vulnerable to cuts. For example, home- and community-based services are an optional benefit that many states already limit based on available funds. Faced with large federal funding cuts, Kansas would almost certainly further reduce access to these services. Home- and community-based services helped some 32,000 Kansas seniors and people with disabilities remain in their homes in 2013, instead of having to be placed in a nursing home.[14]

Impact on Kansans with Employer Coverage

The Senate bill could also result in the return of annual and lifetime limits on coverage for a significant share of the 1.5 million Kansans with employer coverage.

That's because the ACA's prohibition on annual and lifetime limits only applies to coverage of services classified as essential health benefits. So if states eliminated or greatly weakened essential health benefits standards, plans could go back to imposing coverage limits on any services excluded from essential health benefits — including for people covered through their employer. Moreover, because large employer plans are currently allowed to select *any* state's definition of essential health benefits to abide by, essential health benefits waivers in *any* state could mean a return to annual and lifetime limits for people in employer plans nationwide.[15] Before the ACA, 1 million Kansans, most of them with employer plans, had lifetime limits on their coverage.[16]

In addition, tens of millions of people each year (nationwide) lose job-based coverage and either enroll in individual market coverage or become uninsured. Thus, the availability of affordable, comprehensive individual market coverage is an important protection for Kansans with employer coverage as well.

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[1] Linda J. Blumberg *et al*., "State-by-State Coverage and Government Spending Implications of the Better Care Reconciliation Act," Urban Institute, June 2017, http://www.urban.org/sites/default/files/publication/91501/2001383-qs_state_by_state_coverage_senate_final_6.27_10.pdf.

[2] Centers for Medicare & Medicaid Services, "2017 Effectuated Enrollment Snapshot," June 12, 2017, https://downloads.cms.gov/files/effectuated-enrollment-snapshot-report-06-12-17.pdf.

[3] All estimates in this section assume consumers face their state average benchmark premium. For the full methodology behind these estimates, see Aviva Aron-Dine and Tara Straw, "Senate Bill Still Cuts Tax Credits, Increases Premiums and Deductibles for Marketplace Consumers," Center on Budget and Policy Priorities, revised June 25, 2017, http://www.cbpp.org/research/health/senate-bill-still-cuts-tax-credits-increases-premiums-and-deductibles-for.

[4] Centers for Medicare & Medicaid Services, "Data Brief: 2016 Median Marketplace Deductible $850, with Seven Health Services Covered Before the Deductible on Average," July 12, 2016, https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-07-12.html.

[5] Importantly, the bill does not simply fail to provide an appropriation for cost-sharing reductions after 2019; it repeals the underlying cost sharing reduction program.

[6] Congressional Budget Office, "Better Care Reconciliation Act of 2017," June 26, 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52849-hr1628senate.pdf.

[7] Gary Claxton *et al*., "Premiums Under the Senate Better Care Reconciliation Act," Kaiser Family Foundation, June 26, 2017, http://www.kff.org/health-reform/issue-brief/premiums-under-the-senate-better-care-reconciliation-act/.

[8] Congressional Budget Office, "American Health Care Act of 2017," May 24, 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf.

[9] American Cancer Society, "Patients Would Pay More for Less Coverage Under Senate Health Bill," June 22, 2017, https://www.acscan.org/releases/patients-would-pay-more-less-coverage-under-senate-health-bill.

[10] Jessica Schubel and Judith Solomon, "States Can Improve Health Outcomes and Lower Costs in Medicaid Using Existing Flexibility," April 9, 2015, http://www.cbpp.org/research/health/states-can-improve-health-outcomes-and-lower-costs-in-medicaid-using-existing.

[11] To buy up to a plan with even a $3,000 deductible, a 60-year-old Kansan with income at the poverty line would have to pay almost a fifth of income in premiums.

[12] Loren Adler, Matthew Fiedler, and Tim Gronniger, "Effects of the More Austere Medicaid Per Capita Cap Included in the Senate's Health Bill," Brookings Institution, June 26, 2017, https://www.brookings.edu/research/effects-of-the-more-austere-medicaid-per-capita-cap-included-in-the-senates-health-bill/.

[13] Edwin Park, "CRFB: Senate Bill Cuts Medicaid $2.6 Trillion in Second Decade," Center on Budget and Policy Priorities, July 11, 2017, https://www.cbpp.org/blog/crfb-senate-bill-cuts-medicaid-26-trillion-in-second-decade.

[14] Judith Solomon and Jessica Schubel, "Medicaid Cuts in House ACA Repeal Bill Would Limit Availability of Home- and Community-Based Services," Center on Budget and Policy Priorities, May 18, 2017, http://www.cbpp.org/research/health/medicaid-cuts-in-house-aca-repeal-bill-would-limit-availability-of-home-and.

[15] For a more detailed explanation, see Matt Fiedler, "Like the AHCA, the Senate's Health Bill Could Weaken Protections Against Catastrophic Costs," Brookings Institution, June 23, 2017, https://www.brookings.edu/blog/up-front/2017/06/23/like-the-ahca-the-senates-health-care-bill-could-weaken-aca-protections-against-catastrophic-costs/.

[16] Thomas D. Musco and Benjamin D. Sommers, "Under the Affordable Care Act, 105 Million Americans No Longer Face Lifetime Limits on Health Benefits," Department of Health and Human Services, March 2012, https://aspe.hhs.gov/basic-report/under-affordable-care-act-105-million-americans-no-longer-face-lifetime-limits-health-benefits.