

Republicans' ACA Replacement Proposals Fall Short of Providing the Protections and Care People Currently Enjoy Under the Affordable Care Act

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Despite public disapproval, congressional Republicans are rushing down a dangerous path that could take health coverage away from 30 million people and raise premiums for millions more. To date, they have failed to offer a credible replacement plan that provides the same level of care, coverage, and consumer protections as the ACA. In the coming weeks, numerous proposals are likely to be touted as parts of a so-called “replacement” plan. But these proposals either have significant faults or have proven unworkable when implemented in the past.

Allow the sale of health insurance across state lines — Selling insurance across state lines will let insurance companies move to states with the weakest regulations, which could destroy coverage protections and threaten other patient safeguards. It is a giveaway to insurers – basically allowing them to pick and choose which rules to follow, creating a race to the bottom. While it will lower monthly premiums for people in perfect health, it will drastically increase premiums for everyone else, particularly older people, and those with health conditions.

High-risk pools — **High-risk pools have been tried and they failed**. In fact, 35 states tried using high-risk pools before insurers were banned from denying people with pre-existing conditions, and they only wound up covering a mere fraction of the number of people who have obtained coverage under the ACA. Moreover, high-risk pools charged people about twice as much as typical premiums, and most had lifetime maximums on how much they would pay for people’s care.

- High-risk pools covered only 226,615 people in 2011—a mere fraction of the number of people with pre-existing conditions.
- Premiums for coverage in state high-risk pools were typically 150%-200% of standard rates for healthy individuals.
- Almost all state high-risk pools excluded coverage for pre-existing conditions for 6 to 12 months, making health coverage effectively useless during that period.
- Nearly all state high-risk pools (33 out of 35) had lifetime dollar limits on coverage, most between \$1 million-\$2 million. 13 had annual dollar limits on coverage, which could cap people’s coverage to as low as \$75,000 in care a year.
- High-risk pools were expensive for states: In 2011, states had to finance \$1.2 billion in net losses to cover costs that exceeded money brought in through premiums.

Health Savings Accounts (HSAs) — Health Savings Accounts are not health insurance;

they merely provide a place where people can stash their own money to later spend on health care. They are no substitute for health insurance with real coverage guarantees we have today. And these accounts don't work for most families, especially those living paycheck to paycheck, who can't afford to set aside thousands of dollars to pay the full cost of their health care bills. They are just another tax shelter for the wealthy.

Continuous coverage protections — Continuous coverage provisions expose anyone who goes uninsured for a short period of time to a lifetime of discrimination by insurers. This is just a more discriminatory coverage mandate, with the penalty for going uninsured being a lifetime struggle to get the coverage and care people need. This especially hurts lower- and middle-income families who experience short-term financial hardships that leave them uninsured.

- Tens of millions of people experience short lapses in coverage: **Nearly one-third of people with pre-existing conditions (44 million people) experienced at least one month without coverage** over 2013 and 2014. [Read how continuous coverage provisions hurt people with pre-existing conditions.](#)

Provide non-income based refundable tax credit — Providing the same amount of financial assistance to everyone regardless of income is a backward approach that will leave coverage unaffordable and unattainable for lower and moderate-income families who most need the help.

- The most recent Cassidy proposal would provide the same size tax credit to couples making \$30,000 and couples making \$180,000.
- This approach spreads a pool of funds over millions more people, meaning that lower and moderate-income families will likely get a much smaller tax credit than they currently receive under the ACA.
- Lower and moderate income families will see their premiums and out-of-pocket costs increase dramatically under this plan.

Deduct health insurance costs from taxes — Providing a tax break after people buy insurance only helps higher-income people that can already afford to buy coverage on their own. Families living paycheck to paycheck need help *upfront* to lower their monthly cost for coverage and bring it financially within reach. Without this, many will be unable to afford to purchase coverage on their own and will be forced to go uninsured.

- In 2016, **financial assistance lowered people's monthly premiums**, on average, \$290. Republicans are asking these people to pay hundreds of dollars *more* each month in order to get a tax break the next year.

End the individual mandate — If you end the individual mandate, premiums will skyrocket. You can't require insurers to cover people with pre-existing conditions without also bringing healthy people into the insurance pool. The balance of both healthy and sick people in insurance plans is needed to even out costs for everyone.

- Immediate repeal of the individual mandate will cause immediate harm to insurers, insurance markets, and consumers. Urban Institute estimates that **the number of uninsured would immediately increase by 4.3 million people and that insurers would suffer close to \$3 billion in losses**. At least some (if not most) insurers would leave the market mid-year, leaving consumers with fewer (or potential no) plan choices.

- Research shows that women routinely face financial barriers to affording care – particularly before the ACA. Indeed, **unmet health care needs because of cost are significantly more common among women than men**. Asking women to increase the amount of money they put toward premiums will only create new and additional barriers for getting the care they need.

Block-grant Medicaid to the states — Block granting Medicaid is just another way to cut Medicaid. It is not a new or innovative idea.

- Today, the amount of federal Medicaid dollars that a state receives is based on what it actually costs that state to provide health coverage to people with Medicaid. If costs go up—like when there is an epidemic, natural disaster, or economic downturn—states are guaranteed additional federal funds. With a block grant, states will get stuck with the extra bill, posing budget problems, stifling innovation, and likely leading to program cuts.
- States already have significant flexibility to innovate within the Medicaid program in order to improve health care quality, and reduce costs. But there are certain basic services states must provide so no one falls through the cracks. Block grants would severely undermine Medicaid, boot people off the program, cut services, and hurt peoples' health.
- Cutting Medicaid has serious consequences for women, as Medicaid provides essential care for women throughout their lives—from family planning and maternal health services to nursing home care. Medicaid **finances nearly half of all births in the U.S., accounts for 75% of all publicly-funded family planning services, and accounts for half (51%) of all long-term care spending**, which is critical for many frail elderly women.

Capping Medicaid payment to the states based on population (per capita caps) — Per capita caps are nothing but a fancy way to cut Medicaid.

- Per capita cap proposals would give states a set amount of money per Medicaid enrollee that wouldn't change and wouldn't keep up with rising medical costs, meaning states would have to cover more and more costs over time or drastically cut services. Per capita caps simply pass more and more health care costs on to states and state residents, stifling innovation and weakening the program for working families, seniors, and people with disabilities.