

The MacArthur Amendment to Republicans' Health Care Bill Will Hurt Millions

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Republican congressional leaders are not giving up on repealing the Affordable Care Act. They now are pushing a modified version of its previously failed repeal bill, the American Health Care Act, with a new amendment that eliminates the nationwide protection against discrimination of people with pre-existing condition.

This amendment only makes a bad bill worse. Under the newly amended repeal bill, states could seek waivers from enforcing the ACA's core protections for people with pre-existing conditions for almost any reason a state claims. Under this amended bill, states could:

- **Allow insurers to charge people higher premiums based on pre-existing conditions.** States could allow insurers to do this as soon as 2018 for people seeking coverage through a special enrollment period. Worse, under these waivers, there would be no limit on how much more insurers could charge people with pre-existing conditions, meaning insurers could effectively price these individuals out of affordable health coverage altogether.

The amendment claims insurers could vary premiums based on health status for people who had gaps in coverage. However, in practice **this change would drive premiums up for everyone with a pre-existing condition**, even those who never have a gap in coverage. This is because insurers would have an incentive to market lower premiums to healthy individuals who attest to having a gap in coverage, drawing healthy people out of the insurance pool where everyone pays the same regardless of their health status (known as the community-rated market). This will lead to premiums increasing for everyone left in the community-rated market, which will be predominately people with pre-existing conditions.

- **Eliminate or weaken the law's essential health benefits, ban on annual and lifetime limits, and cap on consumers' annual out-of-pocket spending.** Starting for plans sold in 2020, states could opt out of requiring plans to cover some or all of the essential health benefits, which currently guarantee coverage for services like mental health care, prescription drugs, and maternity care. This could leave people without access to comprehensive coverage that actually covers the care they need.

This would also threaten core financial protections of the ACA. The ACA banned annual or lifetime limits on coverage, which put dollar limits on the most a plan would pay for someone's care in a year or someone's lifetime. The ACA also capped the most a consumer ever has to spend out-of-pocket for care in a year. However, these protections only apply to services covered under the essential health benefits. Insurers can limit how much they pay for care not included in the essential health benefits and

can require consumers to contribute unlimited amounts of money toward this care.

If the essential health benefits go away or are severely weakened, these protections will also vanish or be severely undermined. Without these protections, more than **100 million people**, including **70 million people** with employer-sponsored coverage, **could once again face lifetime or limits on their coverage**. And millions of people would lose the security that insurance will protect them from crippling debt should they ever need hundreds of thousands of dollars' worth of covered care.

- **Allow insurers to charge older adults even higher premiums than the original House repeal bill.** The insurer practice of charging different rates based on age is known as "age rating." The original House repeal bill increased the maximum "age rated" premium for older adults to 5 times that of younger people. This amendment allows states to go beyond this and permit insurers to charge older people premiums that are even more than 5 times that of younger people.

Amended GOP repeal bill still leaves millions uninsured, increases health care costs, and ends the Medicaid program as we know it today.

This amendment jeopardizes coverage for millions with pre-existing conditions and does nothing to address the serious problems in the previously failed version of the American Health Care Act. Analysis of earlier versions of this bill from the independent Congressional Budget Office (CBO) estimated that **it would lead to 24 million people losing coverage** by 2026. The House Republicans are pushing for a vote on this bill without getting an updated analysis of the impact of this most recent amendment. However, it is very likely that this amendment will increase the number of older people and people with pre-existing conditions who would lose coverage under this legislation. The bill could severely affect more demographics as well.

Here's a recap of all of the harmful policies still in the House GOP repeal bill:

- **This bill still guts financial assistance with premiums.** This bill would drastically cut financial assistance to help lower-income people pay their premiums. It does this by replacing the ACA's income-based financial assistance with premium tax credits that increase with age (although not enough compared to how much more insurers could charge older people under this bill), but that do not change with income.

Due to these cuts in financial assistance, CBO previously projected that **millions of lower- and moderate-income people, particularly older adults**, would end up uninsured by 2026. People in **rural communities are also among the groups who would see their costs increase the most** due to these cuts. The impact of these changes to financial assistance is likely only more severe with the addition of the Macarthur amendment. Older adults and people with pre-existing conditions would see their premiums increase even more under this new amendment, with no increase in financial assistance.

- **This bill still provides zero help to lower peoples' out-of-pocket costs.** This bill eliminates the financial assistance under the ACA that has helped reduce deductibles and other out-of-pocket costs for 7 million people. Furthermore, it would push millions of people into less generous coverage, with astronomically higher deductibles. A family

of four making \$35,000 **could potentially see their annual deductible jump from \$250 to \$14,000** under this bill. That is more than a 5,000 percent increase.

- **The bill still ends the Medicaid expansion, and radically restructures the entire Medicaid program for all states.** The bill ends the Medicaid expansion by phasing out the expansion's enhanced federal funding. The bill further erodes the Medicaid program, including the expansion, by replacing guaranteed matched federal funding with capped funding that will grow slower than state Medicaid costs.

The bill also still gives states a "choice" of accepting a block grant instead of a per capita cap. Each has a unique growth rate to adjust for future increases in Medicaid costs based around the consumer price index (CPI) or some derivative. These growth rates are far below historical Medicaid spending rates and will inevitably lead to federal funding cuts. The block grant option will serve as an even lower growth formula, causing even deeper cuts. Both caps and block grants—their structure and their growth rates—are designed to choke the Medicaid program and to do it quickly.

- **The bill still incentivizes states to make changes that will, in effect, kick people off Medicaid and Medicaid expansion.** States would be allowed, for the first time, to condition individuals' Medicaid eligibility on work status and cut health insurance for adults who do not meet that requirement. States that elect this option would get added federal funding. We've written on the fact that **work requirements in Medicaid are counterproductive and do not improve individuals' health or lead to long-term employment.** This option is designed to punish low-income people who are having trouble finding work or who live in economically depressed areas, rather than actually improving individuals' health.

The structure of the bill's phase-out of the Medicaid expansion coupled with a work requirement including penalties will end the Medicaid expansion more rapidly than in states that do not have a work requirement.

- **The bill still ends funding for Planned Parenthood.** Under this bill, states would be blocked from using federal funds to reimburse Planned Parenthood for care it provides to its residents through Medicaid, CHIP, and other federally funded programs. This move would jeopardize access to preventive health care for the **millions of lower-income people who rely on Planned Parenthood as their primary source of care.**
- **The bill still gives hundreds of billions of dollars in tax breaks to the wealthy.** This bill would give close to \$600 billion in tax cuts to the wealthy and pay for them through cuts to health care for lower-income working families, putting health care at risk for millions of children, seniors, and people with disabilities.

At the end of the day, the House GOP is recklessly pushing forward a bill that will knowingly leave millions uninsured, increase health care costs for millions more, and end the Medicaid program as we know it today. On top of that, they now plan to end the nationwide guarantee of affordable coverage for people with pre-existing conditions.

This is a punitive bill that will hurt residents in every state and hurt state economies. The House needs to listen to the massive public outcry and abandon its efforts to decimate health coverage for millions