Issue Brief

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KEY POINTS

- The Act would appropriate cost-sharing subsidies for 2018 and 2019, and contribute to stability in the individual health insurance marketplace.
- Beginning in 2019, the legislation would create a new "copper" plan on the marketplace metal scale, and allow nongroup enrollees to choose these catastrophic plans.
- CBO and JCT estimate the legislation would reduce the deficit by $3.8 billion between 2018 and 2027 period, relative to CBO's baseline.

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CBO and JCT Release Cost Estimate of the Bipartisan Health Care Stabilization Act of 2017

The Congressional Budget Office and the Joint Committee on Taxation staff released a report regarding cost estimates of the Alexander-Murray bill entitled "Bipartisan Health Care Stabilization Act of 2017." The act would make several changes to the state innovation waiver process established by the Affordable Care Act, appropriate money for cost-sharing reductions through 2019, require many insurers to pay rebates to individuals and the federal government related to premiums in the nongroup health insurance market for 2018, allow anyone in the nongroup market to purchase a catastrophic plan, and require some existing funding for health insurance marketplace operations to be used specifically for outreach and enrollment activities for 2018 and 2019.

CBO and JCT estimate that implementing the legislation would reduce the deficit by $3.8 billion over the 2018-2027 period, relative to CBO's baseline. The agencies estimate that the legislation would not substantially change the number of people with health insurance coverage on net compared with that baseline projection. Enacting the legislation would affect direct spending and revenues; therefore, pay-as-you-go procedures apply.

FUNDING FOR COST-SHARING REDUCTIONS

The legislation would appropriate such sums as may be necessary to make payments for CSRs through 2019. Because such payments are already in CBO's baseline projections (totaling $18 billion for 2018 and 2019 and $99 billion over the 2018-2027 period), CBO and JCT estimate that the appropriation would not affect direct spending or revenues, relative to that baseline.

REBATES RELATED TO COST-SHARING REDUCTIONS

The legislation would require states to submit plans for ensuring each health insurer provides a rebate or other financial benefit to consumers and the federal government in return for receiving payments for CSRs in 2018. As a result, CBO and JCT expect that insurers in almost all areas of the country would be required to issue some form of rebate to individuals and the federal government. Based on information from state insurance regulators and state-based insurance marketplaces, CBO and JCT estimate that the federal government would receive rebates from insurers, totaling about $3.1 billion over the 2018-2027 period. There are a variety of ways states could choose to implement the rebates; some would be recorded in the federal budget as an

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increase in revenues, and others would be recorded in the budget as a decrease in outlays. CBO and JCT estimate that states would adopt a mix of strategies and that the federal savings would be recorded as a mix of changes to outlays and revenues—specifically, half in lower outlays and half in higher revenues.

COPPER PLANS

Under current law, only certain people, most of whom are under the age of 30, may enroll in a catastrophic plan in the nongroup insurance market. Beginning in 2019, the legislation would newly allow any nongroup enrollee to choose a catastrophic plan called copper plans. As under current law, subsidies would not be available for that coverage. In addition, the legislation would require that catastrophic plans be included as part of the single risk pool for pricing premiums in the nongroup market, alongside most other plans. Under current regulations, catastrophic plans can be rated in a separate risk pool from other nongroup plans. CBO and JCT estimate that this provision would not substantially change the total number of people with insurance through the nongroup market.

COMMENT – KAISER FAMILY FOUNDATION

Drew Altman, president and chief executive officer of the Henry J. Kaiser Family Foundation, wrote a very interesting article about the Alexander-Murray bill.

"As the debate unfolds about the bipartisan bill by Senators Lamar Alexander and Patty Murray to repair the Affordable Care Act marketplaces, the public could be just as confused as they have been about the ACA's marketplaces. That's why it's important to debate it in the right context: It's aimed at an urgent problem affecting a relatively small sliver of the health insurance system, not all of the ACA and not the entire health system.

The bottom line: It's a limited measure that will never give conservatives or liberals everything they want.

Reality check: Many people will think it affects their insurance when, in actuality, it will have no impact on the vast majority of Americans who get their coverage outside of the relatively small ACA marketplaces.

Just 23 percent of the American people know that rising premiums in the ACA marketplaces affect only people who buy their own insurance. More than seven out of 10 wrongly believe rising premiums in the marketplaces affect everyone or people who get coverage through their employer.

The public will be susceptible to spin any misrepresentation of the limited goals of Alexander-Murray: a bipartisan effort to stabilize the marketplaces by funding the cost-sharing reduction subsidies, providing more resources for open enrollment outreach and expediting state waivers.

President Trump has added to the confusion. He recently pronounced the ACA 'dead,' adding 'there is no such thing as Obamacare anymore.' Possibly, that's because he wishes it was dead. More likely, he was referring to the problems in the ACA marketplaces, which he has exaggerated.

Like thinking your whole house is falling down when just a part of the foundation needs shoring up, both he and the American people have an inaccurate picture of where the marketplaces fit in the ACA and where the ACA fits in the health system.

A few facts:

There are just 10 million people enrolled in the ACA marketplaces.

The law's larger Medicaid expansion and consumer protections are popular and working well.

The far larger Medicare and Medicaid programs and employer-based health system combined cover more than 250 million people and are largely unaffected by developments in the ACA marketplaces.

Premiums for the 155 million people who get coverage through their employers rose a very modest 3 percent in 2017.

Some conservatives in Congress will hold out for repeal, and they'll resist any legislation that they view as propping up Obamacare. But for everyone else, it's important to understand the problem and get the facts."

Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

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