

Issue Brief

FEDERAL ISSUE BRIEF • July 20, 2017

KEY POINT

- The CBO is estimating that 22 million Americans would be left without insurance by 2026 and the federal deficit would be reduced by \$420 billion from 2017 through 2026.

More From CBO on the Senate Health Care Reform Bill; BCRA of 2017

Yesterday, the Congressional Budget Office and staff of The Joint Committee on Taxation issued an estimate on the direct spending and revenue effects of the “Obamacare Repeal Reconciliation Act of 2017,” an amendment in the nature of a substitute to H.R. 1628, which would repeal many provisions of the Affordable Care Act.

Today, CBO has another estimate. This one is based on the version of H.R. 1628, the Better Care Reconciliation Act, posted July 20 on the Senate Budget Committee’s website.

CBO and JCT estimate that enacting this version of legislation would reduce federal deficits by \$420 billion over the 2017–2026 period. Yesterday’s document would have reduced federal deficits by \$473 billion over the 2017-2026 period.

A copy of today’s (July 20) report is at: <https://www.cbo.gov/publication/52941>.

In this version, CBO and JCT estimate that “the largest savings would come from a reduction in total federal spending for Medicaid resulting both from provisions affecting health insurance coverage and from other provisions. By 2026, spending for that program would be reduced by 26 percent.”

“About three-quarters of that reduction would result from scaling back the expansion of eligibility enacted in the ACA. In 2026, for people who are made newly eligible under the ACA (certain adults under the age of 65 whose income is less than or equal to 138 percent of the federal poverty level), Medicaid spending would be reduced by 87 percent, from \$134 billion to \$17 billion — mainly because the penalty associated with the individual mandate would be repealed and the enhanced federal matching rate for spending on that group would be phased out. As a result of the reduced matching rate, some states would roll back their expansion of eligibility and others that would have expanded eligibility under current law would choose not to do so. All other federal spending on Medicaid in that year would be reduced by 9 percent, from \$490 billion to \$447 billion.”

COMMENT

By now, we all know that the Senate is having a difficult time in trying to enact its version of repeal and replace. The votes to enact are simply not there. The constant tinkering of the original document is not bringing opposed members on-board. And, while the president is now pushing for a vote, it still does not appear a successful challenge is imminent. Below are the chart’s from today’s and yesterday’s reports.

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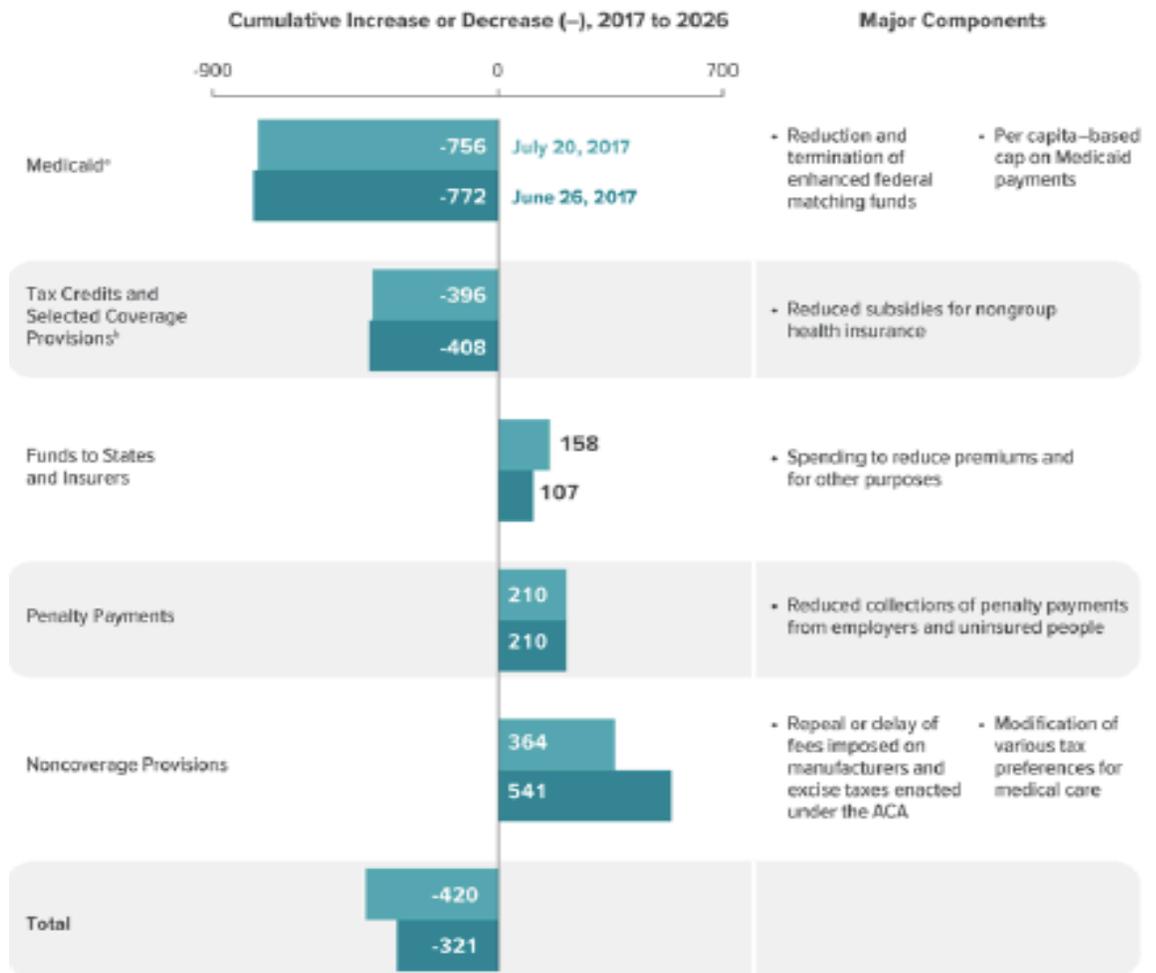
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JULY 20 REPORT

Net Effects of Two Versions of the Better Care Reconciliation Act on the Budget Deficit

The July 20 version of the legislation would result in greater deficit reduction mostly because it would retain certain taxes that the previous version would have eliminated.

Billions of Dollars



Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

These estimates are for two versions of H.R. 1628, the Better Care Reconciliation Act of 2017, a Senate amendment in the nature of a substitute.

Estimates are based on CBO's March 2016 baseline, adjusted for subsequent legislation.

ACA = Affordable Care Act.

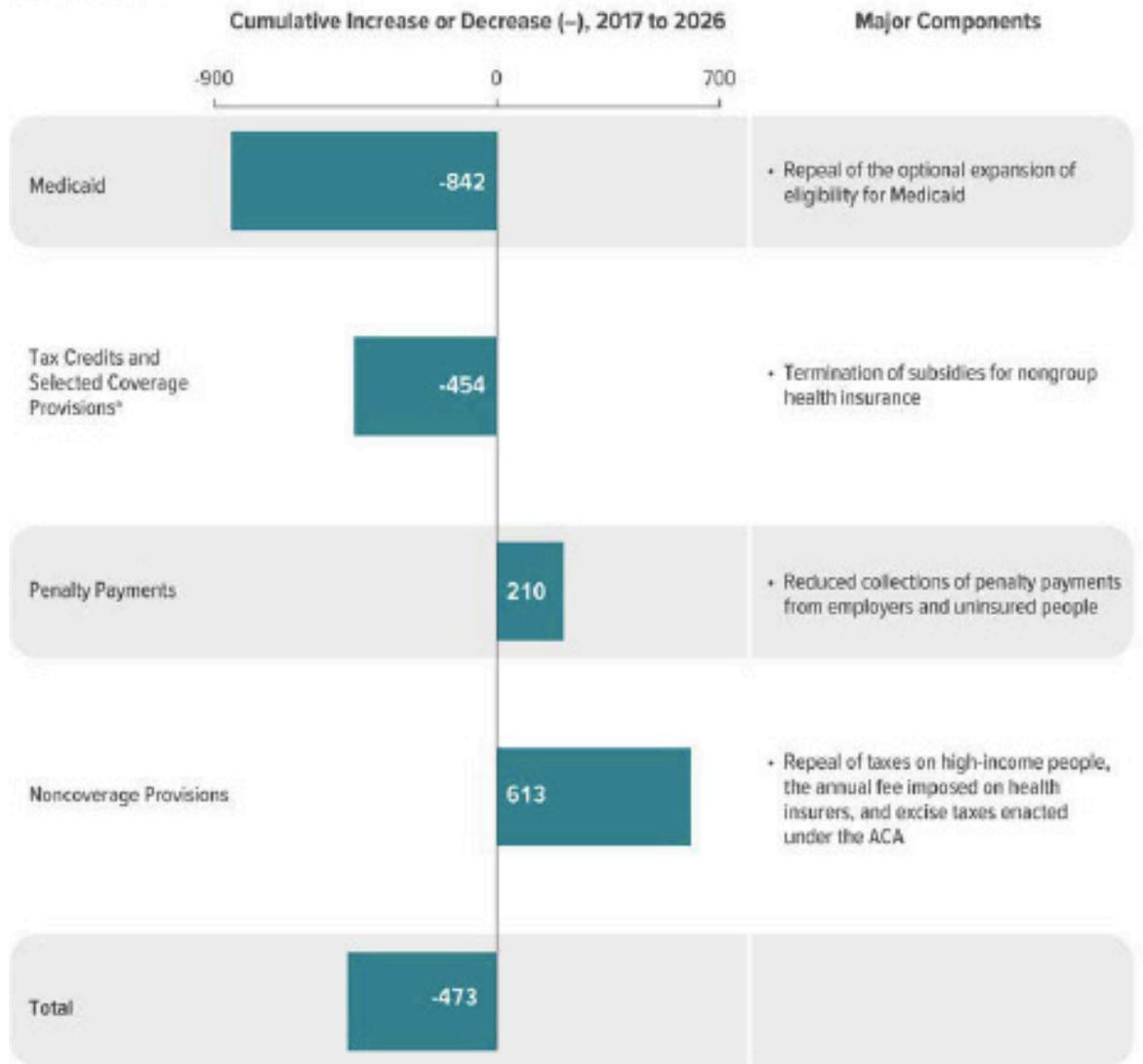
a. Includes the effects on health insurance coverage only. The effects on all Medicaid spending would be \$739 billion for the current version of the legislation (in the July 20 estimate) and would have been \$770 billion for the previous version (in the June 26 estimate).

b. Includes subsidies for coverage through marketplaces and related spending and revenues, small-employer tax credits, tax credits for nongroup insurance, Medicare, and other effects of coverage provisions on revenues and outlays.

JULY 19 IMPACT

Net Effects of the Obamacare Repeal Reconciliation Act of 2017 on the Budget Deficit

Billions of Dollars



EFFECTS ON HEALTH INSURANCE COVERAGE

According to CBO and JCT's estimates, in 2018, 15 million more people would be uninsured under this legislation than under current law. The increase in the number of uninsured people relative to the number under current law would reach 19 million in 2020 and 22 million in 2026. In 2026, an estimated 82 percent of all U.S. residents under age 65 would be insured, compared with 90 percent under current law.

FINAL THOUGHT

There appears one constant in all the CBO analyses. The largest impact will be from Medicaid reductions. Many want to change the Medicaid program's funding to either a per-capita or block grant system. Either will sharply reduce such payments to the states. This issue alone may cause the Republican objectives to not be achieved since many state Republican governors are finding possible reductions a burden they cannot afford.

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