



## **Republicans Propose New Healthcare Plan**

*By Sarah Torrico, Policy Intern*

The new administration has proposed an alternative plan to the Affordable Care Act (ACA), entitled the American Health Care Act (AHCA). The plan is being voted on this week in the US House of Representatives. The repeal and replacement of the ACA was a big platform issue for the GOP during the last election. So far, support for the AHCA has not been what its proponents were hoping for. The Congressional Budget Office (CBO) has issued its review of the proposed act, concluding its doubts that the new plan can successfully win over Senate, or provide worthwhile solutions to the country's healthcare. While the cost of coverage would go down for some under the new act, an estimated 24 million Americans would lose coverage by 2026 - that's about one out of every five people under the age of 65. Another likely effect is insurance premiums going way up, and then coming back down as a result of fewer healthy people buying plans due to private plans increasing 13-20% by 2019. The GOP bill creates an environment in which older, poorer, and more rural individuals will receive less resources to buy insurance while younger and wealthier people will receive more. If played out, these projections would have immense consequences on the daily lives of Americans as well as to the framework of federal health care entirely.

Rather than the ACA style individual mandate, under the ACHA those who remain uninsured would face penalties once they do acquire health insurance, likely to cost more to the individual than before; “a 64-year-old who earned \$26,500 per year would have to pay an estimated \$14,600 under the GOP plan — compared with \$1,700 under the current law,” says [one recent fivethirtyeight.com diagnosis](#). In terms of public health organizations, Planned Parenthood would face a one-year funding freeze in addition to losing eligibility for Medicaid reimbursements or federal family-planning grants. What would remain are some of the well-known and well-liked aspects of the ACA. The two most popular components being that nobody can be denied coverage based on pre-existing conditions, and that dependents could stay on parents’ insurance plans until age 26, would remain. Additionally, caps on annual or lifetime coverage would still be banned, and insurers would still have to cover certain categories of specified benefits first covered by the ACA.

On a state level, this bill would freeze enrollment in Michigan’s Medicaid expansion program starting on January 1st, 2020, allowing those who are currently enrolled to stay on. The Healthy Michigan program will be reimbursed by the federal government at 90% in 2020 with previous enrollees getting back in the program would be reimbursed at 63.64%. Because of a trigger written into the Healthy Michigan law to kill the program if the costs to the state ever outweigh the benefit, the program is likely to face such an end as a result of the GOP bill.

The proponents of this bill are focusing attention away from number of people who will lose coverage and onto the cost decrease for those who remain insured. After an initial hike in premium cost for the first four years, it is said to be on track to come back down 10% lower than current ACA cost. This is due to a number of factors, one of which is that it would establish state funds to offset costs for the sickest residents in a block-grant approach,

replacing now what are federal subsidies. Another is that while it was less available under ACA, catastrophic coverage will become more accessible. Finally, the bill will allow insurance agencies to charge older people five times as much as younger people, as compared to the current cap on three times as much, bringing costs way down for the younger crowd with the potential effect of their increased enrolment. While ACA's bracketing allowed for the less wealthy to receive more and more wealthy people to receive less, under the GOP plan, everybody earning less than \$75,000 would receive amount based on age. While these changes are likely result in premiums decreasing for many, there will also be increases for some. Such increases will be due to the effective abolition of the individual mandate that is to be replaced with a 30% surcharge once obtained for those that went uninsured for more than two months. While premium costs will likely go down for many, many more will find it more difficult to obtain insurance coverage.

On a national level, these changes are likely to have serious effects. Under this plan, an estimated 14 million people will be cut from Medicaid by 2026. While this would have an acknowledged effect of decreasing government spending by \$1.2 trillion over a decade, the bill also calls for the elimination of taxes imposed by ACA, curbing any decreasing of the deficit. The Medicaid program would also become more state-based, capping how much each state could be reimbursed based on 2016 expenditures, forcing state governments to either reduce coverage or find alternative funding.

The AHCA is up for a vote in the House on Wednesday, and many have doubts that it will pass. The climate among Democrats seems to be strongly opposed, while many moderate Republicans also hold reservations. In its current state, the bill has faced criticisms from GOP senators - criticisms that House Speaker Paul Ryan is hurriedly trying to address before the vote takes place. His plan is to announce recent modifications on Wednesday, most likely to further diminish Medicaid. Democrats have spoken against these

last-minute resolutions, which they say have not been given the time to be analyzed for potential consequences to cost and coverage. White House press secretary Sean Spicer has made efforts to subdue concern, commenting that “if you’re looking at the CBO for accuracy, you’re looking in the wrong place,” However, support for the bill is low among the public as well as stakeholders such as AARP, and the American Medical Association. One possible outcome is that Ryan will continue to amend the current bill until it appeases all sides - a challenging task considering that all sides seem to be drifting further and further apart.