

House Republican plan to repeal the ACA will hurt Ohio

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The House Republican proposal to “repeal and replace” the Affordable Care Act (ACA) will, over time, force Ohio to eliminate the Medicaid expansion, which will cause hundreds of thousands of low-income Ohioans to become uninsured. It will also dramatically reduce the value of the tax credits people receive to help buy insurance now on the private market, and eliminate subsidies that helped the poorest families pay for deductibles and co-pays.

Short term consequences (over the next 5 years):

- The House bill dramatically lowers the federal matching rate for the expansion group. As a result, about 700,000 fewer Ohioans will be covered through the Medicaid expansion.
- The Kasich administration estimates it would cost the state \$1.5 billion a year to continue covering the population covered by Medicaid expansion. Other parts of the Republican plan drive costs even higher.
- The Medicaid program itself is restructured from a financial partnership between the federal government and states based on needs to a set rate per-enrollee based on 2016 costs.
- Many of the 212,000 Ohioans of low and moderate income who purchase insurance in the federal marketplace will face higher costs with elimination of subsidies for out-of-pocket expenses and changes to tax credits.
- Older Ohioans, especially those of low and moderate income, will face increased insurance premium costs as the ACA repeal lifts caps on what insurers can charge as people age.
- Women who use Planned Parenthood clinics may find them shuttered as the GOP plan eliminates federal funding for providers who include abortion in their services, nor can they get coverage that includes abortion services through the federal exchanges.

Long term consequences (over the next 10 years):

- Changes to the financing structure of the Medicaid program — which covers 3 million Ohioans, a quarter of the population — would dramatically reduce federal support over time, forcing reduction in eligibility for coverage and benefits.
- As Ohio ages and cost of caring for the elderly rise, Ohio would face penalties and cuts in federal funds. The state may face hard choices, such as whether to reduce care for costly yet growing segments of the population, like seniors.
- Ohio has raised \$99 million from the ACA’s Prevention and Public Health Fund since 2010, which is repealed in the GOP plan.

Key findings

- The House Republican plan hurts coverage for low-income people, expands aid to higher-income families.
- Reduced federal support for the Medicaid expansion will force Ohio to end the program within a few years.
- New per-capita cap financing structure for the entire Medicaid program will reduce federal contribution over time.
- Many tax cuts benefit the wealthiest at the expense of the poorest.

The House Republican plan would offer tax credits, refundable in advance, to people with incomes below \$75,000 (with a phase-out up to about \$100,000). The current, income-based premium subsidies would be replaced by age-based subsidies. The ACA's subsidies that helped people of low income with the cost of out-of-pocket expenses are eliminated in the Republican plan. The subsidies are significant for low income people and families.

The Kaiser Family Foundation observed that people who are lower income, older or live in high-premium areas would be disadvantaged under this type of plan. A sampling of the difference between the tax credits now, under the ACA, and the Republican plan, illustrates the difference:

- In Scioto County, people earning \$20,000 a year do better under the ACA than under the Republican plan. For example, a 27-year-old would pay \$440 a year more for insurance under the Republican plan than under the ACA. A 60-year-old would pay \$3,830 more.
- In Cuyahoga County, the Republican plan provides higher tax credits for young and middle aged people earning \$20,000, but not nearly enough to offset the loss of the ACA's additional subsidies for out of pocket expenses.
- All 60-year-olds earning \$30,000 fare worse under the Republican plan in an urban county (Cuyahoga), a rural county (Crawford), a suburban/exurban county (Greene) and an Appalachian County (Scioto).
- At \$40,000 a year, a 60-year-old loses \$3,160 a year in rural Crawford County but gains \$1,200 in urban Cuyahoga County.

The structural changes to Medicaid poses the greatest threat. Medicaid is the largest health insurer in Ohio, covering more than 3 million people – a quarter of Ohio's population. The Republican plan would dramatically change the financing structure of the program, which will reduce federal funding over time and lead to a thinning of coverage. Currently, the federal government pays a fixed percentage of the cost of covering each Medicaid enrollee. If a recession hits, or an epidemic, the partnership between the state and the federal government work together to protect health of the people and the health care system.

The new GOP plan would cap how much the federal government gives each state per Medicaid enrollee, based on how much the state spent in 2016. For a state like Ohio, where the population is aging rapidly, that could cause harm. In 2010, 19.8 percent of Ohio's population was 60 or older; that number will climb to 25.2 percent by 2020 and 29.3 percent by 2030. Health care needs and costs rise with age.

As seniors make up a larger share of the population, costs per beneficiary will rise. In Ohio, the elderly, blind and disabled make up 29 percent of total Medicaid spending, but they account for just 9 percent of total enrollment. As that enrollment rises as the population ages, controlling costs pegged to 2016 demographics will become more difficult.

The House Republican plan threatens too many. The people of the state of Ohio have been helped by the Affordable Care Act. Too many of us will be hurt by the repeal under the new Republican plan.