

US government agency projects 24 million to lose health coverage under Republican plan

Kate Randall
14 March 2017

The Congressional Budget Office (CBO) on Monday released its report on the House Republican plan to replace and repeal the Affordable Care Act (ACA). Congress's budget analysts project that by 2018 the number of uninsured Americans would rise by 14 million relative to the current law, popularly known as Obamacare.

Under the Republicans' American Health Care Act (AHCA), the number of uninsured would rise by an additional 21 million by 2020, and by 24 million by 2026, leaving an estimated 52 million without insurance, compared to a projected 28 million under the ACA.

This massive surge in the uninsured would come largely on the backs of the poor, through draconian cuts to Medicaid, effectively ending it as an entitlement program. Also particularly hard hit would be those approaching retirement—under age 65 and not eligible for Medicare, the health insurance program for seniors—who would see their premiums and out-of-pocket costs soar.

The winners would be corporations and the wealthy, who would reap hundreds of billions of dollars in tax cuts. Despite these tax cuts, the CBO estimates the legislation would reduce federal deficits by \$337 billion over the 2017-2026 period, largely due to the cuts to Medicaid and to the subsidies to purchase insurance under the ACA, which would be replaced with much smaller credits.

Health and Human Services Secretary Tom Price and Office of Management and Budget Director Mick Mulvaney held a brief press conference Monday afternoon to respond to the CBO's scoring of the AHCA. Price said that they "disagreed strenuously" with the report and its conclusions that millions more people would lose coverage.

Dismissing the CBO's projections as anything approaching an accurate estimate, Price added, "We believe that our plan will cover more individuals at a lower cost and give them the choices that they want for the coverage that they want for themselves and their family, not that the government forces them to buy."

Senate Minority Leader Charles Schumer and House Minority Leader Nancy Pelosi also spoke briefly to the press after the CBO report's release to give the Democratic Party response. They both denounced the AHCA as targeting Medicaid and seniors, with Pelosi calling on the Republicans to "pull the bill."

The Democrats, however, have nothing to offer as an alternative but to maintain Obamacare. The truth is that the Republican proposal builds on the central features of the ACA, which has been designed to boost the profits of the private insurers and slash health care costs for the government and big business.

The AHCA seeks to further strengthen the grip of the for-profit health care delivery system, while leaving wide sections of the population with substandard insurance and health care, or no coverage at all. That millions of people stand to lose coverage under the Republicans' plan is a natural outgrowth of the regressive character of Obamacare.

The AHCA would reduce federal outlays for Medicaid by \$880 billion over the 2017-2026 period, primarily through a reduction in enrollees. This reduction would culminate in 14 million fewer Medicaid enrollees by 2026, a decrease of about 17 percent relative to the number under current law.

Some of this decline in Medicaid recipients would come immediately, but most changes would begin in 2020, when the AHCA would terminate the enhanced federal matching rate for new enrollees under the ACA's expansion of Medicaid.

The Republican plan would place a per-capita-based cap on the federal government's payments to states for medical assistance provided through Medicaid, effectively ending the program—which provides insurance to the poor, disabled and some elderly people—as an entitlement in which funding grows according to need. By 2026, federal spending for Medicaid would be about *25 percent less* than what the CBO projects under the ACA.

The AHCA would save \$673 billion, stemming mostly from the elimination of the ACA's subsidies for nongroup health insurance sold on the Obamacare exchanges, which under current law provide refundable tax credits for premium assistance and subsidies to reduce health care cost sharing. This would be partially offset by \$361 billion for the new tax credits for health insurance established by the AHCA beginning in 2020.

The CBO estimates a reduction in revenues of \$210 billion from eliminating the penalties paid by uninsured people and employers. With the elimination of the Obamacare “individual mandate,” uninsured people would no longer be required to purchase coverage from a private insurer, and businesses with 50 workers or more would not be required to provide insurance to their employees.

Under the Republican plan, tax credits based on income would be replaced by tax credits based on age, ranging from \$2,000 to \$4,000 for those with incomes up to about \$75,000, with older people receiving higher tax credits. While under current law a 64-year-old can be charged up to three times more than a 21-year-old for coverage, under the AHCA the 64-year-old could be charged up to five times as much.

This would tend to reduce premiums for younger people and increase premiums for older people. Low-income people across all ages would lack insurance at higher rates under the Republican plan. For those with incomes below 200 percent of the federal poverty level (\$23,760 in 2016), by 2026 uninsured rates would double under the AHCA compared to the ACA.

Beginning in 2020, the AHCA would remove the ACA requirement that insurers who offer plans in the nongroup and small-group markets provide plans that cover at least 60 percent of the cost of covered benefits. This means that insurers could provide barebones or catastrophic coverage that leaves people “insured” in name only.

While the AHCA removes the Obamacare mandate, it *requires* insurers to apply a 30 percent surcharge on premiums for people who enroll in the nongroup or small-group markets if they let their insurance lapse for more than three months in a year.

The Republican plan is a boondoggle for the rich, repealing or delaying many of the changes the ACA made to the Internal Revenue Code. The single biggest tax cut is the repeal of the 3.8 percent tax the ACA applied to capital gains, dividend and interest income for families with \$250,000 or more in income.

The Tax Policy Center finds that for the top 0.1 percent of income earners—those making more than \$3.75 million annually—repealing this investment tax would amount to an average tax cut of \$165,090.

The AHCA's repeal of the 0.9 percent Medicare surtax, a tax on households with income in excess of \$250,000 a year, would provide this same 0.1 percent of income earners an average annual tax cut of \$30,520. Those households in the bottom 90 percent of earners would see virtually no benefit from these two tax cuts.

The differences between the Democrats and Republicans on health care are essentially a feud between two right-wing factions of the political establishment. Both parties uphold the for-profit health care industry and the subordination of health care to the private market.

The CBO's scoring on the massive numbers of people who would become uninsured as a result of the House Republicans' health care bill is further evidence that Obamacare—despite claims by the Democrats that it would provide “near universal,” quality health care—has paved the way for an even more brutal attack on the health and lives of the working class by Trump and the Republicans.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact