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## Publications

## Health Care Alert: CBO Analysis of the AHCA: A Summary of the Key Points

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On May 24, 2017, the Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT) released their analysis of the American Health Care Act (AHCA). Below is a brief summary of some of the key portions of the CBO's analysis of the AHCA. A full text copy of the report can be found by clicking the hyperlink. Among other things, the CBO and JCT determined that:

- Enacting the AHCA would reduce direct spending by \$1,111 billion and reduce revenues by \$992 billion, for a net reduction of \$119 billion in the Federal deficit over the 2017-2026 period.
- By next year, 14 million more people would be uninsured under the AHCA than the Affordable Care Act (ACA). The increase in the number of uninsured people relative to the number projected under the ACA would reach 19 million in 2020, and 23 million in 2026. In 2026, an estimated 51 million people under age 65 would be uninsured, compared with 28 million who would lack insurance by 2026 under the ACA. Moreover, the CBO noted that while a few million of these uninsured individuals would use tax credits provided by the AHCA to purchase private insurance policies, many of these policies would not cover major medical risks.
- In many states, insurance costs would increase for consumers who are sick or have pre-existing conditions, while premiums would fall for healthy individuals.
- Based on projected premiums for single policyholders under the AHCA (before any tax credits were applied), compared those with the premiums projected under the ACA for policies purchased in the individual market, the AHCA, as passed by the House, would tend to increase such premiums before 2020 (as compared to the ACA) by an average of about 20 percent in 2018 and 5 percent in 2019.
- Under the AHCA, states could opt out of certain provisions of the health care law, including one that
  requires insurers to provide a minimum set of health benefits (the Essential Health Benefits or EHBs)
  and another that prohibits them from charging higher premiums based on a person's health status.
  Starting in 2020, average premiums would depend in part on any waivers granted to states and on how
  those waivers were implemented. These waivers could lower premiums because insurance plans "would
  cover fewer benefits and therefore a smaller share of total health care costs." People living in states
  revising the EHBs who used services or benefits no longer included in the EHBs would either experience
  significant increases in out-of-pocket spending or would choose to forgo the services. Services or
  benefits likely to be excluded from the EHBs in some states include maternity care, mental health and
  substance abuse benefits, rehabilitative and habilitative services, and pediatric dental benefits.
- The AHCA would reduce projected spending on Medicaid by \$834 billion over 10 years, and 14 million fewer people would be covered by Medicaid in 2026 a reduction of about 17 percent from the enrollment expected under the ACA.