

Executive summary

Introduction

This report analyzes the U.S. Senate’s Better Care Reconciliation Act (BCRA) and its potential impact on health care for Oregonians. This analysis supplements our previous analysis of the House health bill: the American Health Care Act (AHCA), which passed the House in early May 2017. That analysis is titled American Health Care Act: Impact on Oregonians.

To a large extent, the major provisions of the Senate bill conform to the contours of the AHCA. The Senate bill eliminates the individual mandate, reduces tax credits designed to lower premium costs, phases out enhanced funding for Medicaid expansion over seven years, converts Medicaid funding to per-capita caps, relaxes Essential Health Benefit (EHB) requirements, and delivers sizable tax reductions to the highest earners in America.

There also are significant differences. In this analysis, we will focus on key variations between the AHCA and the Senate bill by summarizing the challenges and opportunities the Senate bill poses for people, health care providers, hospitals, and policymakers in Oregon.

Estimated coverage losses in Oregon				
Year	Medicaid	Individual	Group	Total
2018	NA	70,000	40,000	110,000
2019	NA	80,000	20,000	100,000
2020	NA	90,000	10,000	100,000
2021	350,000*	80,000	10,000	440,000
2026	350,000*	70,000	Less than 5,000	420,000

Source: OHA and DCBS analysis of Congressional Budget Office report

*The Oregon Health Authority expects to lose up to 350,000 Oregon Health Plan members between 2021 and 2026, as the federal matching funds for the expansion population decrease.

The Senate bill would have a significant impact on Oregonians

Like the AHCA, the Senate bill is a budget reconciliation bill. It prioritizes budget and tax reductions over rates of health coverage, health outcomes, or health care quality for consumers.

In total, the Senate bill would result in approximately the same number of Oregonians losing health coverage as the AHCA. The Senate bill would have greater impact on the state budget through steeper federal funding cuts. It would reduce subsidies Oregonians currently receive for plans on the Oregon Health Insurance Marketplace.

- Oregon’s uninsured rate could triple by as early as 2021:** Like the AHCA, more than 440,000 Oregonians would be at risk to lose health coverage as a result of the Senate bill. Reductions in coverage would occur over a longer time period than the House bill, due to a slower phase-out of Medicaid expansion (if the state cannot make up for the loss of federal funds).
- To prevent Medicaid coverage losses, Oregon’s budget would face a \$6.2 billion cost shift from 2020 to 2026:** By enacting potentially steeper Medicaid reductions than the House bill and phasing out Medicaid expansion, the Senate plan would expose the state to annual costs that would reach a high of \$1.8 billion in 2026 to sustain current coverage and benefit levels. Alternately, Oregon

Better Care Reconciliation Act: **Impact on Oregonians**

would be forced to cut coverage and benefits for individuals and families on the Oregon Health Plan (though some cost shifts would be unavoidable).

- **Oregon's economy would lose approximately 23,000 jobs:** The Senate bill would eliminate approximately 23,000 health care jobs by 2026 due to its Medicaid funding reductions, Medicaid expansion phase-out, and reduced federal provider tax reimbursement.

Impact on premiums and out-of-pocket health care costs for Oregonians: Although the Senate bill's approach to premium subsidies differs from the AHCA, the net effect will be similar: lower costs for young adults and increasing costs for older adults and low-income enrollees. The Senate bill funds cost-sharing subsidies through 2019, then eliminates them.

The Senate bill's Medicaid expansion phase-out will impair Oregon's efforts to stop the opioid epidemic: Oregon has one of the highest rates of prescription opioid use in the nation. The Senate bill contains \$2 billion in funding nationwide in 2018 to stem the opioid crisis. Eliminating Medicaid expansion, however, would put access to treatment for people addicted to prescription opioids at risk for low-income working Oregonians.

- In 2016, 42,564 Oregonians received substance abuse treatment services through OHP as a result of Medicaid expansion.

The Senate bill benefits some Oregonians and offers the state increased flexibility: It would reduce costs for young Oregonians and cut taxes for Oregon's highest-earners. It would reduce administrative requirements for the state and offer greater flexibility from federal rules.

Impact on state budget for the 2017-2019 biennium: The Senate bill would not have a significant impact on Oregon during the 2017-2019 biennium, because Medicaid cuts, the phase-out of Medicaid expansion, and reduced federal reimbursement for provider taxes would begin to take effect in 2020. However, there are also some effects that start sooner:

- **Cuts to vital public health services:** The Senate bill eliminates the Prevention and Public Health

Fund, effective in 2018. This \$10 million fund helps local communities address unexpected health emergencies such as the Zika virus, provides immunization to children, and helps prevent teen suicide and chronic diseases.

- **Repeal of individual mandate:** The Senate bill eliminates the requirement to have insurance, replacing it with a six-month waiting period for those who go without coverage for a period of time.
- **Tax credits and abortion coverage:** Premium tax credits may not be used for anyone purchasing a health benefit plan that offers abortion coverage in 2018. This would affect most health plans offered in the Oregon Marketplace.
- **Planned Parenthood clinics** are defunded when the bill is enacted.