

## Executive summary

Governor Kate Brown directed the Oregon Health Authority (OHA) and the Department of Consumer and Business Services (DCBS) to analyze the impact of the American Health Care Act (AHCA) on Oregon. OHA is the state Medicaid agency and DCBS regulates commercial insurance companies and manages the Oregon Health Insurance Marketplace.

This legislation, proposed in Congress on March 6, 2017, would change key provisions of the Affordable Care Act (ACA). This report summarizes the effects the proposed AHCA would have on the lives of Oregonians.

The AHCA fundamentally changes the health care reforms that have been implemented through the ACA and through the innovative Oregon Health Plan (OHP), the state's Medicaid program. After analyzing data to determine the impact on Oregon, OHA and DCBS find that this legislation will:

- **Reduce coverage:** As many as 465,000 Oregonians will lose health coverage between 2018 and 2023, including approximately 80,000 next year.
  - Oregon's uninsured rate will triple from 5 percent to more than 15 percent by 2023 and continue to increase through 2026.

Estimated coverage losses in Oregon				
Year	Medicaid	Individual	Group	Total
2018	NA*	-60,000	-20,000	-80,000
2019	NA*	-70,000	-20,000	-90,000
2020	-183,000	-90,000	-20,000	-293,000
2026	-375,000	-20,000	-70,000	-465,000

Source: OHA and DCBS analysis of Congressional Budget Office report

\* We anticipate loss of coverage for OHP members in 2018 and 2019 will be marginal. However, it is difficult to quantify the impact of these changes at this time. OHA has greater confidence in projections of Medicaid coverage losses after 2019 when major portions of AHCA Medicaid changes and funding reductions are scheduled to occur.

- **Reduce federal funding:** To maintain Medicaid enrollment, we estimate the AHCA would shift \$190 million in costs to Oregon starting in SFY 2020, approaching \$1 billion in SFY 2023. The cumulative cost shift would be \$2.6 billion over the next six years.
- **Reduce economic activity:** The AHCA risks the loss of more than 23,300 health care jobs that were created in Oregon after the ACA was implemented.

## The American Health Care Act will impact the lives of Oregonians in 10 areas:

### 1. Low-income working Oregonians and families:

- Threatens the state's ability to continue serving the approximately 1 million Oregonians currently covered under the OHP – as many as 375,000 members could lose coverage by 2023. It would fundamentally alter the Medicaid system in Oregon by shifting the cost burden to the state. Today, nearly 4 in 10 adults on OHP who are under 65 are working.

### 2. Oregonians with individual insurance plans:

- Lowers costs for young adults and mid- to high-income earners while increasing costs for older adults and low-income enrollees.
- Repeals the requirement for everyone to have insurance.

### 3. Older adults and people with serious chronic illness:

- Increases premiums for older adults between 50 and 64. The bill allows insurers to set premiums for older adults five times higher than younger adults for the same coverage in the individual market.
- Eliminates cost-sharing reductions. Many Oregonians with serious chronic illnesses will see higher

## American Health Care Act: **Impact on Oregonians**

premium costs and deductibles, putting health insurance out of reach for the many Oregonians who have been able to get health coverage under the ACA.

### **4. Women and family planning:**

- Restricts provider options and threatens access to family planning and preventative and wellness services for more than 51,000 Oregon women who use Planned Parenthood for cancer screenings, contraception, and STD counseling and screening.
- Prevents the use of federal tax credits for plans that cover abortions. Nearly all Oregon individual plans currently provide abortion coverage; there is limited time to establish stand-alone abortion coverage by Jan. 1, 2018.

### **5. People with disabilities:**

- Eliminates the 6 percent in enhanced federal matching funds and \$150 million per year in Oregon for home- and community-based long-term care for vulnerable Oregonians who need community-based long-term care services and support. Affects 65,000 Oregonians including approximately 7,500 children and 18,000 adults with intellectual and developmental disabilities.

### **6. Rural Oregon:**

- Rural Oregon is likely most severely affected by losses in coverage. The health care system for rural Oregon, and its infrastructure, will be severely undermined by this legislation – jeopardizing access to care and the ability of many communities to continue to recover from the recession.
- The ACA helped stabilize the finances of many rural Oregon hospitals and helped many of them improve their financial stability.

### **7. Oregon taxpayers and the state budget:**

- Converting Medicaid to per-capita caps and eliminating Medicaid expansion will lead to a massive transfer of cost from the federal government to the states, on top of the existing state budget

shortfall due to reductions in federal funding under the ACA and other factors. The federal reductions proposed by the AHCA would cost Oregon \$2.6 billion in revenue by 2023. Oregon is already contending with a budget gap, resulting from the planned reduction in the federal match under the ACA. Additional cuts would force the state to pull back on coverage and benefits.

### **8. Oregon's health system:**

- Oregon's Medicaid system currently contains costs to a growth rate of 3.4 percent. This proposal disrupts decades of Oregon's innovative reforms and undermines rural health, hospitals, and public health. This will lead to more complexity and uncertainty for a health system that is just beginning to stabilize from the last round of national health reform – without ensuring better care, better health or lower costs to state taxpayers.
- With the uninsured rate likely to triple in Oregon, hospitals will see higher rates of uncompensated care, which have fallen to historic lows since the ACA was implemented.
- The AHCA eliminates the Prevention and Public Health Fund, which helps local communities address unexpected health emergencies like the Zika virus, provides immunization to children, addresses teen suicide, and helps prevent chronic diseases.

### **9. Oregon's insurance market:**

- Uncertainty about who will enroll under the AHCA may further disrupt the individual market. Any disruptions are likely to lead to higher premiums.

### **10. Economic impact:**

- Following implementation of the ACA, Oregon added 23,300 health care jobs, which are at risk under the AHCA. The loss of \$2.6 billion in federal Medicaid funding between 2020 and 2023 would slow economic activity in Oregon. We expect these losses to drain more than \$500 million in direct health spending from the Oregon economy.