# Outlook for Health Reform

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# Key BCRA Provisions

| | BCRA |
|---|---|
| Insurance Regulation | • Terminates penalties for individual and employer mandate, effective upon enactment<br>• Increases the age band to 5:1 from 3:1 and allows states to adjust it further<br>• Requires a six-month waiting period for persons with more than a two-month break in coverage<br>• Eliminates the Medical Loss Ratio requirement of the ACA<br>• Cruz amendment allows non-ACA compliant plans to be offered by insurers offering at least one compliant plan<br>• Provides $50 billion over four for CMS to help stabilize markets and encourage insurer participation through risk reduction mechanisms; provides another $70 billion over ten years to insurers to encourage more variety of insurance offerings in the non-group market<br>• Provides $62 billion to the states to fund programs to subsidize high-risk patients and stabilize premiums; provides another $45 billion over multiple years to states to address opioid crisis<br>• Amends the section 1332 waiver process of the ACA to allow easier approval of plans narrowing essential health benefits and changing other regulations |
| Tax Credits | • Replaces the ACA's income-adjusted tax credits with new age and income-adjusted credits up to 350% of the FPL and tied to a 58% actuarial value plan<br>• Allows persons not enrolled in Medicaid with incomes below the FPL to be eligible for the credits |
| Medicaid | • Phases down the federal enhanced match for ACA expansion population over the period 2021 to 2024; states could keep eligibility for this population post-2023 at the standard FMAP<br>• Beginning in 2020, establishes a new upper limit on federal Medicaid payments to the states based on historical per person spending for five eligibility groups, indexed to medical CPI (medical CP+1% for elderly and disabled); beginning in 2025, the caps for all groups would be indexed to CPI |
| Taxes | • Cuts most ACA tax increases, effective in 2017; retains the high-income Medicare surtax<br>• Postpones imposition of the Cadillac tax until 2026 |

# CBO Estimate of the June Version of BCRA

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|---|---|
| **Fiscal Effects** | • **Spending: - $1.022 trillion over ten years**<br>• **Revenue: - $0.701 trillion over ten years**<br>• **Deficit Reduction: - $0.321 trillion over ten years** |
| **Coverage** | • **Increase in the number of uninsured by 15 million in 2018, and 22 million in 2026** |
| **Premiums** | • **2018: + 15 percent**<br>**2019: + 10 percent**<br>• **2026: - 20 percent (with wide variation among states)** |
| **Market Stability** | • **In general, most markets would be stable under the ACA and the BCRA.**<br>• **Market instability increases with the introduction of policies that allow more healthy people to get insurance options outside of benefit and rating restrictions.** |

# CBO Assumptions

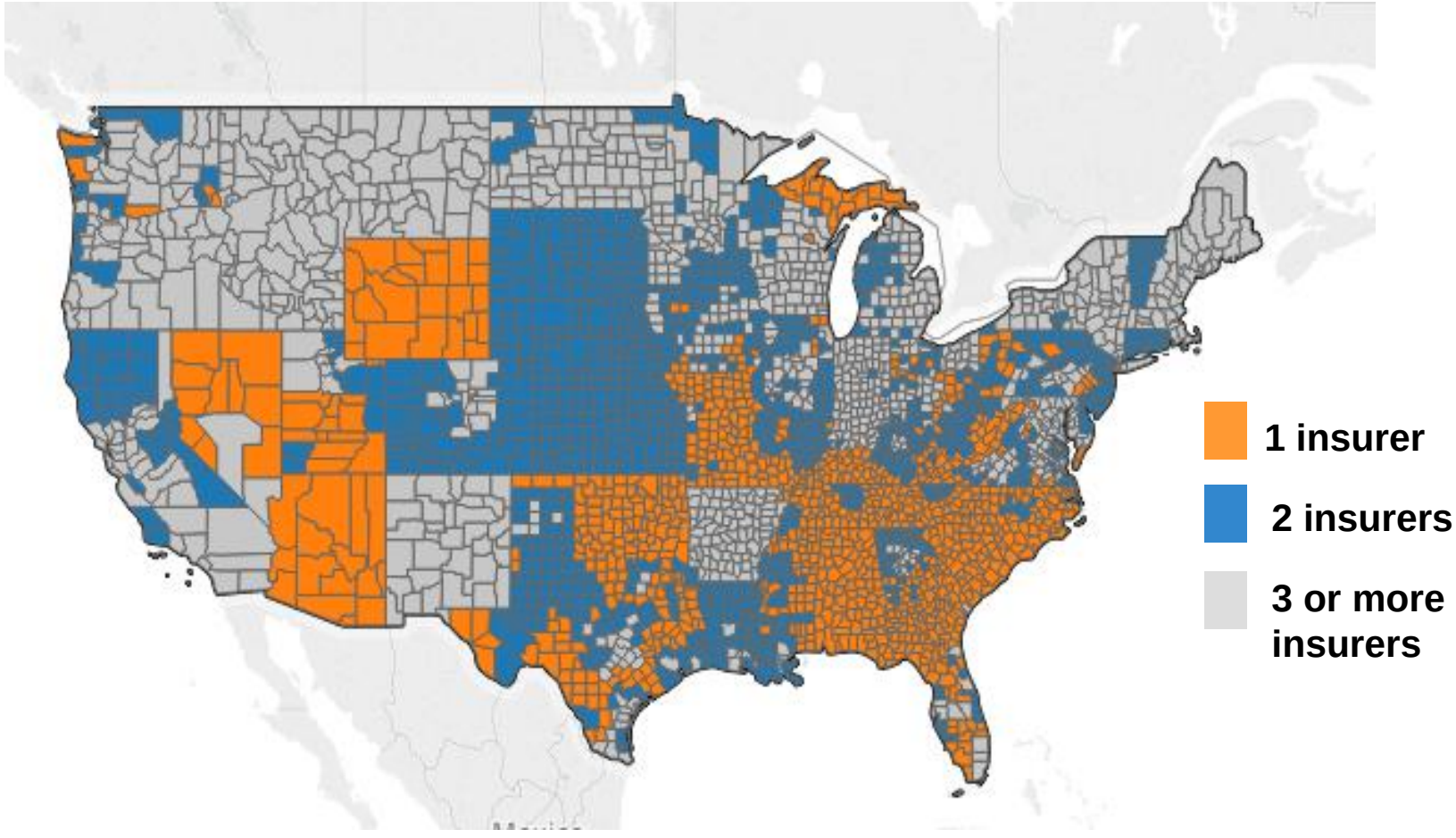
**CBO assessed the BCRA against the March 2016 baseline, which assumes:**

1. **There will be 18 million people enrolled in coverage through the ACA exchanges in 2018 (up from 12 million in 2017)**

2. **Many non-expansion states will adopt the Medicaid expansion in the coming years, increasing the percentage of the potential eligible population living in expansion states from 50 to 80 percent**

    - **Because of this assumption, CBO estimates there will be 5 million people who are not eligible for Medicaid today but would be in 2026 under current law**

# Insurer Participation in ACA Exchanges, 2017




Source: Kaiser Family Foundation