



Joint Health and Human Services Appropriations Committee

Department of Health and Human Services Affordable Care Act Repeal Impact

March 14, 2017

Presentation Objectives

- Presentation addresses provisions of ACA repeal options with potential DHHS impact
- Presentation does not address:
 - Other provisions of ACA repeal
 - Medicaid block grants / per capita caps

ACA Repeal Options

- Full repeal
- Partial repeal through Reconciliation
- Repeal and replace / Repair

Overview of Potential Impacts

Potential Adverse Impacts

1. Elimination of 23 percentage point enhanced federal match for Children's Health Insurance Program (CHIP)
2. Changes in Medicaid eligibility rules that could impact IT systems and county caseworker capacity
3. Elimination of enhanced federal match for NC FAST
4. Medicare changes impacting dual eligibles
5. Elimination of public health funding
6. Changes in individual market likely to increase uninsured, adding pressure on safety net

Other Impacts

7. Elimination of mandatory coverage of former foster care children up to age 26
8. Elimination of Disproportionate Share Hospital (DSH) cuts

1. Elimination of Enhanced CHIP Match

- **ACA included a 23 percentage point increase in the federal match rate for the CHIP through 12/31/2019**
 - **NC's enhanced match rate is 100% for FFY 2018**
- **Repeal effective beginning FFY 2018 could reduce NC's federal funding by approximately:**
 - **\$80 million for SFY 2018 (reduction for 9 months)**
 - **\$112 million for SFY 2019**

2. Eligibility Changes

- **ACA required changes in eligibility rules and processes**
- **Reversion to pre-ACA rules or changes to the current approach would require**
 - **System changes**
 - **State plan and policy updates**
 - **Training of county workers**
 - **Additional county capacity**

3. Elimination of Enhanced Funding for NC FAST

- **ACA increased federal support for eligibility and enrollment systems from 50% administrative match to:**
 - 90% match for systems design, development, installation or enhancement
 - 75% match for maintenance and operations
- **Elimination of enhanced match results in:**
 - SFY 2018: \$34 million reduction in federal match
 - SFY 2019: \$28 million reduction in federal match

4. Medicare Changes Impacting Medicaid

- **ACA included several provisions that impacted Medicare**
 - Eliminated cost-sharing for covered preventive services
 - Reduced beneficiary coinsurance in Part D coverage gap (donut hole)
- **Medicaid covers Medicare cost sharing for dual eligibles, so increased cost sharing could result in increased costs to Medicaid**
- **Across all Medicare enrollees in NC (including non-duals), 173,000 experienced average donut hole savings of \$1,013**

Source: <https://aspe.hhs.gov/compilation-state-data-affordable-care-act>

5. Elimination of Public Health Funding

- **ACA repeal could eliminate more than \$20 million in federal funds for public health, including \$17 million Prevention and Public Health Funds**
- **Grants support programs and employment across North Carolina**
- **Much of the funding supports programs in place before ACA, for example:**
 - Vaccination program
 - Heart disease and stroke prevention
 - Tobacco cessation
 - Prevention of health care-associated infections

6. Changes to Individual Market and Uninsured

- **ACA made significant changes to the individual health insurance market, including:**
 - Market reforms
 - Penalties for not purchasing insurance
 - Premium and cost sharing subsidies through Marketplace
- **545,000 North Carolinians purchased non-group insurance through Marketplace as of March 31, 2016**
 - 499,000 received premium subsidies averaging \$401 per person per month
 - 360,000 received assistance with copays, deductibles and coinsurance

Source: <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-06-30.html>

6. Changes to Individual Market and Uninsured

- North Carolina’s uninsured rate decreased from **15.4%** in 2013 to **11.1%** in 2015
- Impact on the individual market and uninsured rates will vary by repeal option

	Market Reforms	Individual Mandate	Subsidies	Expected Impact on Uninsured
Full Repeal	Eliminated	Eliminated	Eliminated	Reverts to pre-ACA levels
Partial Repeal	Maintained	Eliminated	Eliminated	90% increase in uninsured per Urban Institute
American Health Care Act	Maintained with some changes	Eliminated	Replaced with tax credits	Likely to increase from current

Source: http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation_1.pdf

6. Changes to Individual Market and Uninsured

Illustrative Examples of Individual Market Tax Credits Under ACA and American Health Care Act

	Single woman, age 21, 100% of FPL (\$12,000 / year)		Single man, age 64, 100% of FPL (\$12,000 / year)	
	Affordable Care Act	American Healthcare Act*	Affordable Care Act	American Health Care Act*
Estimated 2017 annual premium	\$4,800	\$4,800	\$14,400	\$14,400
Premium tax credit	\$4,560	\$2,000	\$14,160	\$4,000
Estimated member annual premium	\$240 (2% of income)	\$2,860	\$240 (2% of income)	\$10,400

* Examples illustrate changes in tax credits calculation only and do not reflect changes in rating rules or other market reforms.

6. Broader Implications of Increase in Uninsured

- **Uncompensated care**
- **Pressure to increase Medicaid provider rates**
- **Demand for state-funded mental health**
- **Sustainability of safety net providers**
- **Health insurance premium taxes**

7. Elimination of Mandatory Coverage for Former Foster Care Children

ACA requires states to extend Medicaid coverage for former foster care children up to age 26

- NC had approximately 524 beneficiaries in this category in June 2016**
- Approximately \$5.7 million claims paid through MMIS in SFY 2016 with NC share of \$1.9 million**

8. Elimination of DSH Reductions

- **DSH payments are made to hospitals to offset uncompensated care costs for Medicaid and uninsured patients**
- **ACA included reductions to DSH payments due to expected reduction in uninsured**
- **NC's federal DSH allotment for FFY 2017 is \$325.1 million**
- **NC's federal DSH allotment for FFY 2018 is projected to decrease to \$272.1 million, if reductions are implemented**
- **ACA repeal could eliminate DSH reductions; however, impact to NC would depend on specific federal approach**

Questions