



June 28, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

RE: Issue Brief on Coverage and Affordability Impacts to Consumers under the Proposed Better Care Reconciliation Act

Senator McConnell and Senator Schumer:

As part of our ongoing efforts to inform the national debate on health reform, we are sending you an issue brief released today by the National Academy for State Health Policy (NASHP), entitled “Barely Covered: Initial Analysis of Coverage and Affordability Impacts to Consumers under the Proposed Better Care Reconciliation Act” [\[LINK\]](#) with findings on the level and affordability of health coverage under the proposed legislation. NASHP, in consultation with Covered California, conducted this research in order to better understand the impact on affordability of those who do and do not receive subsidies, as well as to measure the value of coverage that would be available to consumers if the BCRA were to become law. Given the potentially significant impact that the BCRA could have on the market and consumers throughout the nation who are in need of health coverage, we share this research with you and all members of the United States Senate with the hope that it may help inform your deliberations.

A central question to the BCRA is what will be covered and at what cost? This analysis evaluates the level and affordability of coverage, for both subsidized and unsubsidized consumers, under the proposed BCRA, including net premium impacts in three states: California, Ohio, and Pennsylvania. The study also looks at the relative affordability of coverage in every state and brings home the oft-stated truism: health care is local.

The results of the analysis are striking, and demonstrate the reduction in premiums that some consumers may see under this proposed legislation is largely driven by a significant reduction in the scope and value of their coverage. Consumer deductibles would increase greatly while the access to medical services would be significantly reduced as a result of lesser coverage. At the same time, the study highlights the fact that while the revised subsidy structure might result in a small number of “winners” – younger, high-income individuals who live in lower-cost areas – the vast majority of Americans would lose because they are lower income, older, or live in higher-cost areas.

Below is a summary of the major findings:

- **Under BCRA, medical deductibles would increase significantly.** Under the BCRA, insurers must set high deductibles in order to design the proposed 58 percent Actuarial Value (AV) benchmark plan. This means that consumers would be facing medical deductibles that could be nearly three times what they are today. For example, the proposed benchmark plan would institute a \$7,350 deductible for an individual and a \$15,000 deductible for a family. The CBO concludes that with the reduced subsidy and lower benefits, “few low-income people would purchase any plan.” While this may mean millions of Americans are making a “rational economic choice” to go without coverage, the results will be many getting care that is not covered which will result in spiking uncompensated care costs and, as the risk pool worsens, rising premiums for those who get coverage.

Additionally, the high deductibles taken with states’ ability to obtain Waivers on Essential Health Benefits will mean consumers lose access to day-to-day care and lose protections from catastrophic costs.

With the potential exclusion of coverage through waivers, many Americans – the CBO estimates half of the population – could lose coverage for classes of care or care for certain conditions. Many Americans would return to uncertainty over the type and level of coverage they purchase as well high risk of personal bankruptcy and uncompensated care among providers.

- **Changes proposed under BCRA would reduce coverage affordability, especially among lower income and older individuals.** Several mechanisms in the BCRA – such as increasing the applicable percentage for affordability, reducing subsidy eligibility to 350 percent of the federal poverty level (FPL), and tying the benchmark plan to a 58 percent AV plan – would increase premium costs for low-income and older consumers. For example, a 60 year-old consumer living in Cuyahoga, Ohio earning \$50,000 a year would see their premium increase by 81 percent from \$5,100 to \$9,240. That same consumer living in the higher cost County of Muskingum would see their premiums increase 216 percent from \$5,100 to \$16,130 under the proposed BCRA. (Note: the report provides state-by-state analysis so each member of the Senate can understand the implications of the BCRA for residents of their state [\[LINK\]](#))
- **The proposed BCRA would have a negative impact on unsubsidized population.** Under the proposed BCRA, income eligibility for subsidies is reduced to 350 percent of the FPL, and premium contributions are no longer capped. This would result in an increase in the number of unsubsidized consumers. Further, it is critical to remember that unsubsidized consumers bear the full cost of rate increases. To the extent that rising premiums put coverage out of an affordable reach for unsubsidized consumers, the healthier individuals among them will be more likely to drop coverage leading to even higher premiums and greater instability for those remaining in the market.

The CBO's score of the proposed BCRA found that millions of Americans potentially stand to lose coverage. However, in addition to those findings, we ought not to lose focus on those who could remain covered but who would be at high risk of getting priced out of care through higher cost-sharing while receiving lower value coverage. Covered California has worked with patient-advocates, clinicians and health plans to develop benefit designs that are "patient-centered" – resulting in most care being not subject to any deductible. The BCRA could put significant financial barriers between patients and consumers and the care they need. This not only limits access to care, but it also may lead to healthy individuals dropping coverage which, in turn, will negatively impact consumers and the market as a whole.

Thank you for your time and consideration of these research findings. We appreciate the opportunity to help inform the dialogue on health reform, and look forward to providing ongoing technical assistance to you and other policymakers as needed. Please do not hesitate to contact us with any questions or if you would like more information.

Sincerely,



Peter V. Lee
Executive Director

Attachment: Barely Covered: Initial Analysis of Coverage and Affordability Impacts to Consumers under the Proposed Better Care Reconciliation Act

cc: The Honorable Dianne Feinstein, United States Senator
The Honorable Kamala Harris, United States Senator
The Honorable Members of the United States Senate
Diana S. Dooley, Secretary, California Health and Human Services Agency and Chair, Covered California Board of Directors