Impact Assessment of the Better Care Reconciliation Act

On June 21, 2017, the Senate Budget Committee released a discussion draft of its proposed legislation to repeal and replace the Affordable Care Act (ACA), the Better Care Reconciliation Act of 2017 (BCRA). The following impact assessment is based on the Congressional Budget Office's (CBO's) June 26 estimates for BCRA's impact, as well as the CBO's previous assessment of the American Health Care Act (AHCA),* the House's bill to repeal and replace the Affordable Care Act (ACA).

Estimated Costs: AHCA vs. BCRA

Provision	Savings vs. Spending/Revenue Reduction	
	AHCA	BCRA
Medicaid cuts	$834 billion	$772 billion
Insurance subsidy elimination/modification	$290 billion	$424 billion
Small employer tax credit elimination	$6 billion	$6 billion
Employment-based health insurance coverage shifts	$23 billion	$21 billion
Individual/employer mandate penalty elimination	-$210 billion	-$210 billion
Individual market stabilization; state funds	-$117 billion	-$107 billion
Medicare DSH cuts elimination	-$43 billion	-$42 billion
Tax repeals	-$661 billion	-$541 billion
Other provisions	-$3 billion	-$2 billion
Net savings	$119 billion	$321 billion

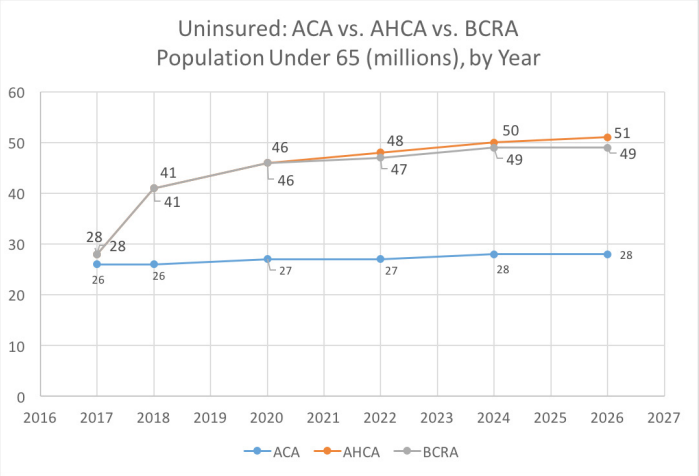
Sources: Congressional Budget Office. (May 24, 2017). Cost estimate: H.R. 1628, American Health Care Act, as passed by the House of Representatives on May 4, 2017. Accessed from https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf.

Congressional Budget Office. (June 26, 2017). Cost estimate: H.R. 1628, Better Care Reconciliation Act. Accessed from https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52849-hr1628senate.pdf.

The CBO predicts that the AHCA will save the federal government $119 billion over the next ten years. The $119 billion in net savings is composed of $1.111 trillion in reduced federal spending and $992 billion in reduced revenues over ten years. The main driver of savings to the federal government are the changes to Medicaid financing. According to the CBO, these savings will result in a reduction of $834 billion in federal Medicaid spending over ten years. The next biggest savings is the reduction of $290 billion in federal subsidies for the purchase of private insurance. In terms of costs, the largest cost to the federal government is the repeal of the ACA taxes which will result in a loss of revenue of $661 billion over ten years. Eliminating the individual and employer mandates and their penalties is expected to cost the federal government $210 billion. Other savings and costs for the AHCA are shown in the adjacent chart.

The CBO predicts that the BCRA will save the federal government $321 billion over the next ten years. That is about $200 billion more in savings than their predictions for the AHCA. The $321 billion in net savings is composed of $1.022 trillion in reduced federal spending and $701 billion in reduced revenues over ten years. The main driver of savings to the federal government are the changes to Medicaid financing. According to the CBO, these savings will result in a reduction of $772 billion in federal Medicaid spending over ten years. The next biggest savings is the reduction of $424 billion in federal subsidies for the purchase of private insurance. In terms of costs, the largest cost to the federal government is the repeal of the ACA taxes which will result in a loss of revenue of $541 billion over ten years. Eliminating the individual and employer mandates and their penalties is expected to cost the federal government $210 billion. Other savings and costs for BCRA are shown in the adjacent chart.

Uninsured: ACA vs. AHCA vs. BCRA



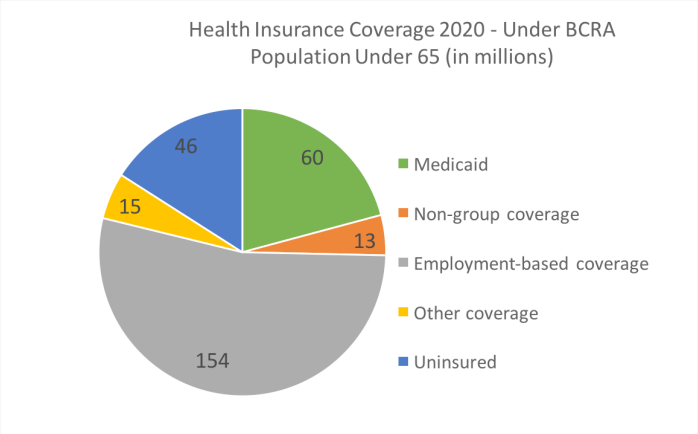
Sources: Congressional Budget Office. (June 26, 2017). Cost estimate: H.R. 1628, Better Care Reconciliation Act.

Congressional Budget Office. (May 24, 2017). Cost estimate: H.R. 1628, American Health Care Act, as passed by the House of Representatives on May 4, 2017.

*The CBO's analysis was based on the AHCA, as amended on May 24, 2017.

The CBO predictions for the number of Americans who would be uninsured by 2026 are similar for both the AHCA and the BCRA. For the AHCA, the CBO predicts that by 2026, 51 million Americans will be uninsured. For the BCRA, the CBO predicts that number of uninsured would be 49 million Americans. By comparison, an estimated 28 million Americans would be uninsured by 2026 if no changes are made to current law and the ACA remains intact. For both the AHCA and the BCRA, CBO predictions are based largely on the effects of the sun-setting of the Medicaid expansion, reductions in federal subsidies for private insurance, and elimination of the individual and employer mandates.

Sources of Coverage by 2020: BCRA



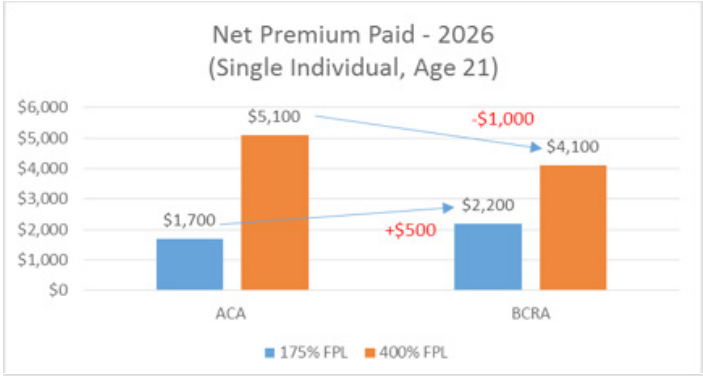
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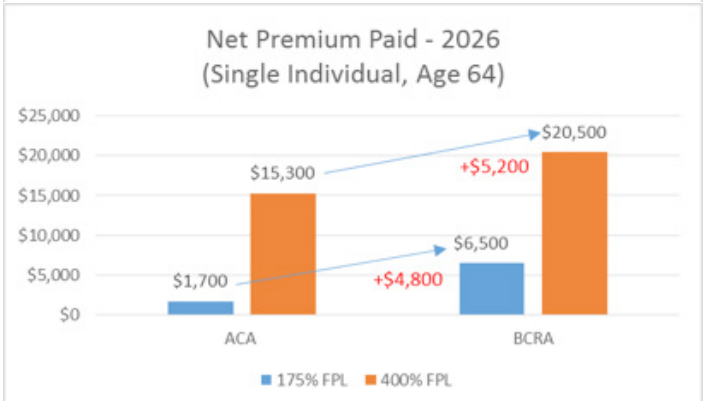
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In terms of sources of coverage, the CBO predicts that by 2020, under the BCRA, 154 million Americans would be receiving employer-sponsored coverage, 13 million would have non-group coverage, 60 million would be on Medicaid, and 46 million would be uninsured. The biggest differences with current law are the reduction in the number of individuals on Medicaid (currently 68 million) and the reduction in the number of individuals receiving non-group coverage (currently 22 million), resulting in a large increase in the number of uninsured Americans (currently 27 million).

Net Premiums: ACA vs. BCRA

Under BCRA, the CBO predicts great variation in the cost of net premiums to an individual based on age. For a 21 year old individual at 175% of the Federal Poverty Level (FPL), the CBO predicts a $500 increase in average net premiums from $1,700 per year under the ACA to $2,200 per year under the BCRA. This difference is largely due to reductions in premium tax credits. However, for a 21 year old at 400% FPL who does not receive any tax subsidies under either the ACA or the BCRA, the CBO predicts a





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$1,000 reduction in average net premiums from $5,100 per year under the ACA to $4,100 per year under the BCRA. Differences in average net premiums are more dramatic for a 64 year old individual. At 175% FPL, CBO predicts an average increase of $4,800 from $1,700 per year under the ACA to $6,500 per year under the BCRA. At 400% FPL, CBO predicts an average increase of $5,200 from $15,300 under the ACA to $20,500 under the BCRA.

Tracking Health Reform

The Georgia Health Policy Center (GHPC) has been a neutral source of health policy information and analysis for more than 20 years. GHPC's Health Reform Work Group is composed of faculty and staff from Georgia State University's Andrew Young School of Policy Studies, J. Mack Robinson College of Business, College of Law, and Rollins School of Public Health at Emory University. Team members have expertise in the areas of health policy, health care administration and finance, economics, insurance, risk management, employee benefits, population health, and health law. The Health Reform Work Group will continue to track the development of health reform, and translate and disseminate information to stakeholders, through policy briefs, presentations, panel discussions, toolkits, and webinars. For further updates and tools for health reform, please visit GHPC's website at http://ghpc.gsu.edu/health-reform.