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Impact of Repealing the Health Care Reform Law In the Baltimore Metro Area

Committee on Energy and Commerce
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In March 2010, Congress passed and President Obama signed into law historic health care reform legislation, the Affordable Care Act. Millions of Americans are already benefitting from this law: insurers are no longer allowed to discriminate against children and others who are sick; small businesses are receiving billions of dollars in tax credits to provide health care coverage for their employees; and seniors are saving money on prescription drugs and receiving free preventive care through Medicare.

House Republicans will soon vote to repeal these important new benefits, increasing health care costs for millions of Americans, causing many families to lose coverage, and increasing the national debt by over \$1 trillion. This analysis describes the impact of repeal of the Affordable Care Act in the Baltimore metropolitan area. It finds that repeal of the health reform law would have significant consequences in the region by:

- Allowing insurance companies to deny coverage to up to **740,000 to 1.9 million** individuals, including **53,000 to 240,000** children, with pre-existing conditions.
- Rescinding consumer protections for **2.9 million** individuals who have health insurance through their employer or the market for private insurance.
- Eliminating health care tax credits for up to **91,200** small businesses and **789,000** families.
- Increasing prescription drug costs for **39,300** seniors who hit the Part D drug “donut hole” and denying new preventive care benefits to **587,000** seniors.
- Increasing the costs of early retiree coverage for up to **53,900** early retirees.
- Eliminating new health care coverage options for **13,600** uninsured young adults.
- Increasing the number of people without health insurance by **124,000** individuals.
- Increasing the costs to hospitals of providing uncompensated care by **\$281** million annually.

Repeal of Protections Against Insurance Company Abuses

Repeal would eliminate the ban on discrimination on the basis of pre-existing conditions. Under the health reform law, insurance companies can no longer deny coverage to children with pre-existing conditions and will be banned from discriminating against adults with pre-existing conditions in 2014. There are 740,000 to 1.9 million residents in the Baltimore metropolitan area with pre-existing conditions like diabetes or cancer, including 53,000 to 240,000 children. Repeal would allow insurance companies to refuse to insure these individuals if they seek coverage in the individual or small-group markets. The consequences would be particularly acute for the 80,000 to 210,000 individuals in the region who currently lack insurance coverage and who would be unable to purchase individual policies if the law is repealed.

Repeal would eliminate the ban on annual and lifetime limits. The health reform law prohibits insurance companies from imposing annual and lifetime limits on health insurance coverage. This provision protects the rights of everyone who receives coverage from their employer or through the market for private insurance. If this protection is repealed, insurers would be able to impose coverage limits on 2.9 million individuals in the region with employer or private coverage.

Repeal would eliminate the ban on rescissions. The health reform law prohibits insurers from rescinding coverage for individuals who become ill. Repeal would allow insurance companies to resume the practice of rescinding coverage for the 198,000 area residents who purchase individual health insurance.

Repeal would eliminate other consumer protections. The health reform law protects individuals from soaring insurance costs by requiring reviews of proposed rate increases and limiting the amount insurance companies can spend on administrative expenses, profits, and other overhead. Repeal would deny these new protections to tens of thousands of area residents who either buy their own insurance or receive coverage through employers who do not self-insure.

Repeal of Benefits for Individuals and Families

Repeal would eliminate the requirement that insurance companies provide free preventive care. The health reform law promotes wellness by requiring insurance companies to offer free preventive care as part of any new or revised policies they issue after September 23, 2010. Repeal would allow insurance companies to charge for these essential benefits, which would increase out-of-pocket costs for 618,000 residents in the metro area.

Repeal would eliminate health insurance options for young adults. The health reform law allows young adults to remain on their parents' insurance policies up to age 26. In the Baltimore metropolitan area, 13,600 young adults have or are expected to take advantage of this benefit. Repeal would force these young adults to find other coverage or return to the ranks of the uninsured.

Repeal would eliminate tax credits for buying health insurance. Starting in 2014, the health reform law gives middle class families the largest tax cut for health care in history, providing tax credits to buy coverage for families with incomes up to \$88,000 for a family of four. Repeal would deny these credits to 789,000 families in the region.

Repeal would increase the number of uninsured. When fully implemented, the health reform law will extend coverage to 94% of all Americans. If this level of coverage is reached in the metro area, 124,000 residents who currently do not have health insurance will receive coverage. Repeal would mean these residents would lose their health insurance.

Repeal of Benefits for Seniors

Repeal would increase drug costs for seniors. Beginning in 2011, the health reform law provides a 50% discount for prescription drugs for Medicare beneficiaries who enter the Medicare Part D "donut hole" and lose coverage for their drug expenses. The law then increases the discount to Medicare beneficiaries each year until 2020, when the donut hole is finally eliminated. There are 39,300 Medicare beneficiaries in the Baltimore metropolitan area who are expected to benefit from these provisions. Repeal would increase the average cost of prescription drugs for these Medicare beneficiaries by over \$500 in 2011 and by over \$3,000 in 2020.

Repeal would deny seniors new preventive care and other benefits. The health reform law improves Medicare by providing free preventive and wellness care, improving primary and coordinated care, and enhancing nursing home care. The law also strengthens the Medicare trust fund, extending its solvency from 2017 to 2029. Repeal would eliminate these benefits for 587,000 Medicare beneficiaries in the region and cause the Medicare trust fund to become insolvent in just six years.

Repeal of Benefits for Small and Large Businesses and Health Care Providers

Repeal would eliminate tax credits for small businesses. The health reform law provides tax credits to small businesses worth up to 35% of the cost of providing health insurance. There are up to 91,200 small businesses in the Baltimore metropolitan area that are eligible for this tax credit. Repeal would force these small businesses to drop coverage or bear the full costs of coverage themselves.

Repeal would increase retiree health care costs for employers. The health reform law provides funding to encourage employers to continue to provide health insurance for their retirees. As many as 53,900 area residents who have retired but are not yet eligible for Medicare could ultimately benefit from this early retiree assistance. Repeal would increase costs for employers and jeopardize the coverage their retirees are receiving.

Repeal would increase the cost of uncompensated care born by hospitals. The health reform law benefits hospitals by covering more Americans and thereby reducing the cost of providing care to the uninsured. Repeal would undo this benefit, increasing the cost of uncompensated care by \$281 million annually for hospitals in the region.

Repeal of Benefits for Taxpayers

Repeal would increase the long-term debt by over \$1 trillion. The health reform law reduces the nation's debt by eliminating waste, fraud, and abuse in the health care system, reducing the growth of health care costs, and preventing excessive profit-taking by private insurers. According to the Congressional Budget Office, the bill will reduce the deficit by over \$200 billion over the next ten years and by more than a trillion dollars over the decade after that. Repeal would eliminate these cost-cutting measures, adding over \$3,000 to the national debt for each American.

This analysis is based upon the following sources: the U.S. Census (data on insurance coverage rates and types of coverage, small businesses, early retirees, income, and district populations); the Centers for Medicare and Medicaid Services (data on Medicare enrollment and the Part D donut hole); the Department of Health and Human Services (data on uncompensated care, Early Retiree Reinsurance Program participation, and preexisting conditions); and the Congressional Budget Office (data on health insurance coverage and deficit reduction under the Affordable Care Act). This analysis includes information on all affected individuals in all congressional districts fully or partially in the Baltimore metropolitan area.

