

Healthcare: *The Effect of Repeal of the ACA on Healthcare in New Mexico*

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Abstract:

Repeal of the Affordable Care Act (ACA) is already being fast-tracked by Republican-controlled Congress. It is estimated that repeal may reduce federal spending on healthcare by 21.3%, however, since estimates predict no reduction in the need for healthcare services, the burden to pay for these services will necessarily fall to individual states, individuals themselves or will result in Americans left without care. So far, no viable replacement to ACA legislation is being considered by Congress. Repeal of the ACA without replacement will result in 246,000 New Mexicans currently covered under the ACA left without healthcare coverage. Additionally 332,000 (27%) of non-elderly adults in our state have pre-existing medical conditions that could result in denial of insurance coverage without the ACA protections.

Without the ACA, the cost of uncompensated care in New Mexico is estimated to rise by \$529.6 million.

Detail:

The ACA enacted in 2010 markedly reduced the number of uninsured Americans primarily by providing federal tax credits for health insurance premiums to middle-income families and by increasing federal support to states to expand Medicaid eligibility. Government sources estimate 20 million people have gained healthcare access thus far through implementation of the ACA. Additional benefits in the ACA include regulations prohibiting lifetime or annual limits to insurance, no denial due to pre-existing conditions, coverage of young adults to age 26 under their parents insurance, insurance coverage of preventive care, the 80/20 rule that states health insurance companies must spend at least 80 % of each premium dollar on services, and prohibition of gender bias in insurance cost. The cost to insurance companies for these additional benefits is offset by the legal mandate for adults to obtain insurance or face a tax penalty, thus, in theory, increasing the number of healthy adults in the insurance pool.

Healthcare Access Impact on New Mexico Families:

New Mexico set up the BewellNM website exchange for comparison of available health insurance policies and enrollment. According to HHS statistics as of December 2016:

- 47,497 New Mexicans have coverage via this exchange. Of that group, 32,703 are receiving tax credits averaging \$212/month.
- Under the ACA, Medicaid in New Mexico covers an additional 82,000 people.
- 884,000 New Mexicans receive employer covered insurance. Before ACA legislation, 62% of policies had annual or lifetime limits. About 15,000 young New Mexicans now can retain their parents'

insurance coverage. •All insured New Mexicans can receive flu shots, mammograms, other cancer screening and contraception without charge.

Without the ACA, health insurance premium tax credits will disappear and Medicaid expansion will be eliminated. Of those who would lose coverage, 63% have incomes below 200% of federal poverty level; 81% are working families; 64% have a high school education or less according to a report by the Urban Institute.

Statistics do not reveal the painful personal impact repeal of the ACA would have. Robert Nott reported January 16, 2017 in the *Santa Fe New Mexican* of the concerns of Jenny Amswych who feared having to leave the United States because of the high cost of care for her colitis & meningitis. New Mexico Senator Tom Udall told of a constituent Kevin Kargacin whose daughter required drugs costing \$60,000 for her multiple sclerosis. Kevin worried that his daughter would be denied insurance coverage or run into a lifetime cap of coverage without the ACA. Personal accounts abound and put a face to the fear, anxiety and danger associated with the risk of loss of healthcare coverage and employment brought on by ACA repeal.

Economic Impact on New Mexico:

As already mentioned, without federal support for insurance premiums and Medicaid expansion support, New Mexico costs for healthcare delivery are estimated to increase by over \$500 million, largely due to increased Medicaid costs. In addition, hospitals and healthcare providers will be required to provide more uncompensated care thus contributing to increases in the cost of care overall.

In the 6 years of implementation, the ACA has also provided job growth in healthcare and other areas including construction, finance, retail trade and real estate. It is estimated that the \$140 billion cut in federal funding with ACA repeal would result in the loss of 2.6 million US jobs in 2019, 30% in healthcare and the remainder in other areas. As Bruce Krasnow reported in the *Santa Fe New Mexican*, this could result in a loss of 19,000 jobs in New Mexico with an economic impact of \$10 billion.

Access to Healthcare after ACA repeal:

While there is talk of retaining the popular benefits of the ACA and eliminating the mandate for insurance, that idea risks the financial viability of many insurers and no definitive plan has yet to become preeminent. "Repeal and delay" as proposed by some members of congress, i.e., repeal ACA and delay implementation of an alternative, leaves 20 million Americans without access to care. In the absence of new federal legislation, states may be left to their own resources to fill the gap. One proposal recommends further expansion of Medicaid as a managed care option offered to middle-income families previously receiving tax credits. Insurance exchanges would continue but insurer participation would be limited to those companies agreeing to provide an additional Medicaid-covered managed care option.

Thus there would still be a competitive market for individual plans with the safety net option of a Medicaid managed care plan. It would avert the need to create new plans and would use existing

infrastructure. There is much to like about this proposal. Hopefully others proposals will be forthcoming before the ACA is repealed.

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