



Fact Sheet: Affordable Care Act Repeal

By Thomas Huelskoetter

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Despite the fact that only 26 percent of Americans support repealing the Affordable Care Act, or ACA, congressional Republicans currently plan to repeal much of the ACA early next year.¹ In addition, they plan to delay the implementation of this repeal by three years since they do not yet have a specific replacement.²

ACA repeal and delay would cause chaos

Congressional Republicans can do this with a majority vote through the budget reconciliation process. This reconciliation bill would repeal the ACA's premium tax credits, Medicaid expansion, the penalties associated with the individual mandate and employer mandate, and many other smaller provisions.

- The Congressional Budget Office, or CBO, estimates that in the absence of a replacement, this bill would result in 22 million people becoming uninsured.³
- The CBO also writes:
*Repealing the subsidies and mandate penalties established by the ACA while leaving in place the insurance market reforms would result in a less healthy population in the nongroup market and correspondingly higher average premiums. In addition, the market for nongroup insurance, particularly in smaller states, could become unstable, leading to very low to no participation by insurers and consumers.*⁴
- The Urban Institute estimates that this near market collapse would cause an additional 7.3 million people to become uninsured, for a total of 29.8 million people losing coverage.⁵
- The bill would also include a massive tax cut for the rich by cutting taxes on people earning more than \$200,000 per year by \$346 billion.⁶
- Only 26 percent of Americans support ACA repeal.⁷ Furthermore, 42 percent of these repeal supporters oppose the repeal-and-delay approach and want congressional Republicans to wait until they have a replacement plan before they repeal the ACA. Only 5 percent of all Americans specifically prefer the repeal-and-delay approach.

Instead of a smooth transition, repeal and delay would quickly cause chaos in the marketplace and potentially lead to a market collapse.⁸ This is because insurers must make decisions soon on their proposed premium rates and marketplace participation in 2018. If they do not have certainty this spring about the state of the marketplace in 2018, many will exit the marketplace after 2017.

Many experts warn that this will cause market chaos sooner than congressional Republicans think:

- Robert Laszewski, health insurance consultant: “Insurers have got to put their products together this spring, and we’re right in the middle of killing Obamacare. Are they going to submit proposals to sell in 2018? Why would they stay in the pool?”⁹
- Philip Klein, *Washington Examiner*: “There’s no guarantee that insurance companies will continue to participate in Obamacare over the next several years knowing that the law is going to be repealed.”¹⁰
- Topher Spiro, Center for American Progress: “A repeal that kicks the can on replace would put the market in serious jeopardy, and the American people will hold them accountable for the results.”¹¹
- Larry Levitt, Kaiser Family Foundation: “Think of ACA repeal first, replace later like musical chairs. When the music stops, no insurer wants to be the one with the sick enrollees.”¹²

Massive cuts to Medicaid

In addition to repealing Medicaid expansion, congressional Republicans have signaled their interest in massively cutting Medicaid spending by converting it to a block grant.¹³

- Currently, the federal government matches a certain share of states’ Medicaid costs, with states covering the rest. Under a block grant, federal funding for Medicaid for each state would be capped and reduced significantly over time, pushing states to cut eligibility, reduce benefits, and raise costs on beneficiaries.
- By the 10th year of block grants under the House Republican budget plan, federal Medicaid funding would be slashed by one-third relative to current law.¹⁴
- Ultimately, an estimated 14 million to 20 million Medicaid beneficiaries would lose coverage under block grants.¹⁵

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Endnotes

- 1 Ashley Kirzinger, Elise Sugarman, and Mollyann Brodie, "Kaiser Health Tracking Poll: November 2016" (Menlo Park, CA: Henry J. Kaiser Family Foundation, 2016), available at <http://kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-november-2016/>.
- 2 Robert Pear, Jennifer Steinhauer, and Thomas Kaplan, "G.O.P. Plans Immediate Repeal of Health Law, Then a Delay," *The New York Times*, December 2, 2016, available at <http://www.nytimes.com/2016/12/02/us/politics/obamacare-repeal.html>.
- 3 Congressional Budget Office, "Re: Budgetary Effects of H.R. 3762, the Restoring Americans' Healthcare Freedom Reconciliation Act, as Passed by the Senate on December 3, 2015" (2015), available at <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/costestimate/hr3762senatepassed.pdf>.
- 4 Ibid.
- 5 Linda J. Blumberg, Matthew Buettgens, and John Holahan, "Implications of Partial Repeal of the ACA through Reconciliation" (Washington: The Urban Institute, 2016), available at <http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation.pdf>.
- 6 Nicholas Bagley, "The rich are about to get a big tax cut," *The Incidental Economist*, December 6, 2016, available at <http://theincidentaleconomist.com/wordpress/the-rich-are-about-to-get-a-big-tax-cut/>.
- 7 Kirzinger, Sugarman, and Brodie, "Kaiser Health Tracking Poll."
- 8 Topher Spiro and Thomas Huelskoetter, "Republican ACA Repeal Bill Would Unravel the Market Even Before It Goes into Effect" (Washington: Center for American Progress, 2016), available at <https://www.americanprogress.org/issues/healthcare/reports/2016/11/16/292394/republican-aca-repeal-bill-would-unravel-the-market-even-before-it-goes-into-effect/>.
- 9 Sarah Kliff, "Obamacare 'repeal and delay' won't work," *Vox*, December 1, 2016, available at <http://www.vox.com/2016/11/17/13665184/obamacare-repeal-delay>.
- 10 Philip Klein, "Repeal and delay won't work," *Washington Examiner*, December 1, 2016, available at <http://www.washingtonexaminer.com/article/2608673>.
- 11 Adam Cancryn and Paul Demko, "Obamacare repeal plan stokes fears of market collapse," *Politico*, November 21, 2016, available at <http://www.politico.com/story/2016/11/obamacare-repeal-market-collapses-231653>.
- 12 Larry Levitt, "8:15 a.m., November 15, 2016," *Twitter*, available at https://twitter.com/larry_levitt/status/798529807168536576.
- 13 Edwin Park, "Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured" (Washington: Center on Budget and Policy Priorities, 2016), available at <http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave>.
- 14 Ibid.
- 15 John Holahan and others, "Medicaid and the Uninsured: National and State-by-State Impact of the 2012 House Republican Budget Plan for Medicaid" (Washington: The Henry J. Kaiser Family Foundation, 2012), available at <https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8185-02.pdf>.