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Impact of Full ACA Repeal in Pennsylvania

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Full repeal of the Affordable Care Act would lead to over 850,000 Pennsylvanians losing their health insurance. Yet, this week, the Trump administration is calling on a federal court to declare the ACA unconstitutional.

The Affordable Care Act (ACA) of 2010 has had a tremendous impact on the state of health care in Pennsylvania. Since its roll-out, the number of Pennsylvania residents with health insurance has increased and the uninsured rate declined considerably. This has been achieved primarily through two key parts of the ACA: Medicaid expansion and the tax credit subsidies for health care exchanges.

The expansion of Medicaid began in 2015, providing benefits to individuals and families up to 138% of the federal poverty line. Prior to expansion, only disabled or very low-income parents of dependent children qualified for Medicaid. As of November 2018, 692,047 people were enrolled in expanded Medicaid in Pennsylvania.¹

Health care exchanges reduce the cost of health insurance for those with incomes between 138% and 400% of the federal poverty line. As of February 2017, more than 426,000 Pennsylvanians had signed up for health care in 2017 through the exchanges. (In 2016, it was 412,347 people.) About 75% of returning marketplace consumers in 2017 were able to find health insurance for less than \$100 a month as a result of the exchanges and tax credits that make insurance more affordable.²

Despite the positive impact the ACA has had in terms of shrinking the uninsured population, its future remains uncertain. In a recent court case in the Northern District of Texas, the U.S. District Court ruled in favor of the plaintiffs who argued that the entire Affordable Care Act should be invalidated because the individual mandate was eliminated in the 2017 Tax Cuts and Jobs Act. The repeal, however, has been stayed until a decision is made on appeal to the US Court of Appeals for the Fifth Court.³ Recently, the Trump administration argued in a legal file that the entire law should be repealed, including the provision protecting those with preexisting conditions.⁴

¹ <https://www.healthinsurance.org/pennsylvania-medicaid/>

² <https://www.insurance.pa.gov/siteassets/pages/default/aca%20fact%20sheet.pdf>

³ https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state.pdf

⁴ https://www.washingtonpost.com/politics/trump-surprises-republicans--and-pleases-democrats--with-push-to-revive-health-care-battle/2019/03/26/068cc2c4-4fd3-11e9-a3f7-78b7525a8d5f_story.html?utm_term=.639a64827b91

What would full repeal of the Affordable Care Act mean for Pennsylvania? An Urban Institute report released in March 2019 quantifies the impact on states’ health coverage, federal and state funding, and uncompensated care with a full repeal of the ACA. Below we summarize the Urban Institute’s findings and discuss the potential impacts of eliminating other provisions of the ACA.⁵

ACA Repeal: Impact on Health Coverage

Under current law, 11.1% of the non-elderly population (30.4 million people) nationally will be uninsured in 2019. Both the expansion of Medicaid and the creation of health care exchanges and subsidies for the cost of insurance purchased have reduced the number of uninsured.

The Medicaid expansion provides government-provided health insurance to those above 100% and below 138% of the federal poverty line. And it enables single adults without children to secure health insurance. In addition to expanding access to health insurance, the Medicaid expansion made it possible for many people to work without fear of losing their health insurance benefits.

ACA tax credits subsidize the cost of health insurance for people who buy it on the health care exchanges. Doing so, it attracts healthy people into the nongroup insurance market, which substantially reduces the cost. It also offers numerous consumer protections by requiring that all insurance cover essential health benefits, not exclude people or charge them more if they have preexisting conditions, and limiting variation in cost on the basis of age and sex. With full ACA repeal, those seeking health insurance on the nongroup market would likely have insurance with fewer benefits, that is more expensive, that has greater out-of-pocket costs, and may not cover those with preexisting conditions. The Urban Institute estimates that with full repeal, an additional 50.3 million people nationwide will be uninsured—an increase of nearly 20 million people (an increase of 65%).

Impact of ACA Repeal in Pennsylvania		
<i>Uninsured Non-elderly in 2019 under Current Law and Full ACA Repeal</i>		
Current Law		
# of people		644,000
%		6.2%
Full Repeal with Renewed Pre-ACA Expansions		
# of people		1,502,000
%		14.4%
Difference from Current Law		
# of people		858,000
%		133.2%

Source: Pennsylvania Budget and Policy Center based on data from the Urban Institute.
 Accessed at:
https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state.pdf

⁵An earlier analysis of ACA repeal that draws on partly different data but reaches the same overall conclusion is Marc Stier, Devastation, Death, and Deficits: The Impact of ACA Repeal on Pennsylvania, January 19, 2017 https://www.krc-pbpc.org/wp-content/uploads/Impact_ACA_Repeal_Final_Revised.pdf.

Pennsylvania’s current uninsured rate is nearly half of what it is nationally, 6.2% compared to 11.1%. However, Pennsylvania stands to lose out substantially with an ACA repeal. With full repeal, we would see our non-elderly uninsured numbers skyrocket by 133%—from 644,000 to 1.5 million. This 133% increase in the uninsured in Pennsylvania would be the 8th largest increase of all fifty states with full ACA repeal—this is about twice the increase the U.S. as a whole would see with full repeal (65.4%).

ACA Repeal: Impact on Federal and State Health Care Spending

ACA repeal would also lead to substantial decreases in federal and state spending on acute care for non-elderly people. Federal spending would decrease by 32%, dropping more than \$5 billion. State spending would fall by 5.2%, or about \$36 million.

Federal and State Spending on Medicaid/CHIP Under Current Law and Full ACA Repeal	
<i>Federal Spending on Medicaid/CHIP Under Current Law & Full Repeal</i>	
	In Millions
Current Law	\$15,795
Full Repeal	(\$10,743)
Difference from Current Law	(\$5,052)
% Difference from Current Law	-32.0%
<i>State Spending on Medicaid/CHIP Acute Care for the Non-elderly and Reinsurance in 2019 under Current Law and Full ACA Repeal</i>	
	In Millions
Current Law	\$8,468
Full Repeal with Renewed Pre-ACA Expansions	\$8,031
Difference from Current Law	(\$36)
% Difference from Current Law	-5.2%

Source: Pennsylvania Budget and Policy Center based on data from the Urban Institute.
 Accessed at:
https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state.pdf.

ACA Repeal: Impact on Uncompensated Care

One consequence of repealing the ACA would be an increased demand for uncompensated care for the uninsured. The federal, state, and local governments—as well as health care providers—end up paying costs associated with those who receive care but are unable to pay for it. Repeal of the ACA would end up increasing demand for uncompensated care by 81.9% (\$50.2 billion) nationwide. This additional demand will either lead to increased costs for government or, if governments do not respond, to people going without care or financially stretched hospitals absorbing the costs of treating them. Increased demand for uncompensated care would put financial pressure on health care providers if government programs don’t expand to meet the needs of the uninsured.

Pennsylvania ranks in the top 20 states (16th) that would see the largest increases in uncompensated care as a result of ACA repeal. Pennsylvania would see an increase in demand for uncompensated care of 116.8% (a \$1.8 billion increase).

Demand for Uncompensated Care Among Non-elderly in 2019 Under Current Law and Full ACA Repeal with Renewed Pre-ACA Medicaid Coverage Expansion Waivers, Pennsylvania

	<u>In Millions</u>
Current Law	\$1,555
Full Repeal	\$3,372
Difference from Current Law	\$1,817
% Difference from Current Law	116.8%

Source: Pennsylvania Budget and Policy Center based on data from the Urban Institute.

Accessed at:

https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state.pdf.

An increase in uncompensated care would stress hospitals financially. One recent report found that Medicaid expansion was positively associated with improved hospital performance, including less likelihood of hospital closures. This is true especially in rural areas and counties where there were high numbers of uninsured individuals prior to expansion. Hospitals in states that had Medicaid expansion were 84% less likely to close than hospitals in non-expansion states.⁶

Other potential problems in Pennsylvania caused by ACA Repeal

Losing Ground on the Opioid Epidemic: Pennsylvania faces one of the worst opioid epidemics in the nation. In 2017, 5,500 people died of drug overdoses in the state, 80% of which were from opioids. Expansion of Medicaid in Pennsylvania has helped many individuals who struggle with opioid-use disorder get the treatment and medical care they need. In fact, in 2016 more than 71,000 Pennsylvanians with opioid-use disorder received coverage because of the Medicaid expansion. Counties with the most number of individuals with the disorder covered by Medicaid expansion include some of Pennsylvania’s most populated areas: Philadelphia (12,860), Allegheny (7,169), Bucks (3,433), Delaware (2,972), Montgomery (2,832), Westmoreland (2,564) and Luzerne (2,283). The total number of individuals in Pennsylvania with opioid-use disorder covered by Medicaid is 118,000.

Individuals with Opioid-Use Disorder Covered by Medicaid, Pennsylvania, 2016		
County	Individuals with Opioid-Use Disorder Covered By Medicaid Due to Expansion	Total with Opioid-Use Disorder Covered by Medicaid
ADAMS	329	557
ALLEGHENY	7,169	12,355
ARMSTRONG	602	1,083
BEAVER	1,096	1,805
BEDFORD	252	451
BERKS	1,700	2,665
BLAIR	1,376	2,386
BRADFORD	258	434

⁶ <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0976?journalCode=hlthaff&>;
<https://www.cuanschutztoday.org/aca-medicaid-expansion-resulted-fewer-hospital-closures-especially-rural-areas/>

BUCKS	3,433	5,157
BUTLER	1,028	1,723
CAMBRIA	1,229	2,150
CAMERON	36	81
CARBON	352	570
CENTRE	372	644
CHESTER	1,228	1,924
CLARION	163	299
CLEARFIELD	562	1,057
CLINTON	254	441
COLUMBIA	286	429
CRAWFORD	460	830
CUMBERLAND	665	1,051
DAUPHIN	1,247	1,836
DELAWARE	2,972	4,654
ELK	192	356
ERIE	1,555	2,637
FAYETTE	1,472	2,689
FOREST	0	31
FRANKLIN	746	1,196
FULTON	63	110
GREENE	312	579
HUNTINGDON	229	400
INDIANA	542	919
JEFFERSON	225	402
JUNIATA	70	137
LACKAWANNA	1,716	2,714
LANCASTER	1,965	3,229
LAWRENCE	923	1,660
LEBANON	563	856
LEHIGH	1,490	2,416
LUZERNE	2,283	3,523
LYCOMING	788	1,288
MC KEAN	204	380
MERCER	699	1,385
MIFFLIN	346	649
MONROE	795	1,282
MONTGOMERY	2,832	4,433
MONTOUR	71	112
NORTHAMPTON	981	1,562
NORTHUMBERLAND	491	820
PERRY	189	293
PHILADELPHIA	12,860	21,878
PIKE	226	360
POTTER	57	99
SCHUYLKILL	877	1,423
SNYDER	121	187
SOMERSET	443	757
SULLIVAN	13	19
SUSQUEHANNA	159	257
TIOGA	228	339
UNION	101	145
VENANGO	312	650

WARREN	212	335
WASHINGTON	1,800	2,791
WAYNE	219	362
WESTMORELAND	2,564	4,428
WYOMING	180	265
YORK	2,092	3,230
Total	71275	118165

Source: Pennsylvania Budget and Policy Center from data from the Pennsylvania Department of Human Services. Accessed from: <https://public.tableau.com/profile/padhs#!/vizhome/PennsylvanianswithOpioidUseDisorderwhoareCoveredByMedicaid2/Dashboard1>.

One recent study found that the provision of the ACA allowing young adults to stay on their parents' health insurance plan has significantly reduced opioid-related deaths among this population. In fact, researchers concluded that for each percentage point increase in the number of young adults (19- to 25-year-olds) covered by insurance, opioid-related deaths were reduced by 20%.⁷ A reversal of this policy would have deadly consequences for our young people.

Essential Benefits Requirements Would Be Eliminated: Another part of the ACA is the mandate that health plans cover an essential health benefits list at no additional cost—things like primary care appointments, maternity/newborn coverage, lab tests, mental and behavioral health, preventative tests like colonoscopies and mammograms. Requiring that these essential benefits are included in all health plans ensures that insurance companies aren't skimping out on important coverage in order to save money. Access to preventative care is a long-term life and money saver, leading to lower overall health care costs, bankruptcies and undiagnosed medical problems.⁸

Coverage for Those with Preexisting Conditions at a Reasonable Cost Would Be at Risk: One of the most popular provisions of the ACA was its ban on insurers ability to deny coverage to those with a preexisting condition. When insurance companies were allowed to do this, they would refuse to cover treatment of a preexisting condition or, if they did, they could charge a much higher rate. This meant that those who suffered from health ailments and needed health insurance the most were those having the hardest time getting good coverage that did not break the bank. Considering that half of adults under the age of 65 have what would be considered a preexisting condition, the impact of the ACA change would be significant,⁹ and elimination of this provision is therefore very unpopular. Full repeal of the ACA would eliminate this provision and, without further action, individuals with preexisting conditions could face the same problems they did prior to its passage.

Young Adults Under Age 26 Would Lose Coverage: Prior to the passage of the ACA, young people faced numerous challenges accessing health care. Many had high student loan debt, faced unemployment or underemployment or held low-paying jobs without access to benefits. Often times, health insurance available to them was either inadequate or too expensive. Or, even when it was available many young

⁷ <https://onlinelibrary.wiley.com/doi/full/10.1002/heh.3872>; <https://psmag.com/news/the-aca-reduced-opioid-related-deaths-among-young-adults>

⁸ <https://www.thebalance.com/the-10-essential-health-benefits-of-obamacare-3306051>

⁹ <https://www.philly.com/health/consumer/trump-obamacare-unconstitutional-repeal-affordable-care-act-aca-pennsylvania-new-jersey-20190327.html>

people believed that they didn't need it. In 2010, young adults (ages 18-36) made up just 36% of all workers but made up nearly half of all uninsured workers. The ACA allowed young adults (age 19-26) to be able to stay on their parents' health insurance so they weren't being dropped once they turned 19. This, along with the expansion of Medicaid and the creation of the exchanges, have allowed great numbers of young people to gain access to health insurance, when they previously would have gone without. That has saved some of them from facing severe medical problems without insurance. In fact, young people pre-ACA had the highest uninsured rates of any other group, but they also saw the sharpest declines with uninsured rates dropping from 29% in 2010 to 16% in 2015. Between 2010 and 2013, 2.3 million 18- to 26-year-olds nationwide gained coverage due to the ACA's provision allowing young adults to stay on their parents' plans.¹⁰ And as mentioned above, young adults' coverage on their parents' health insurance is connected to reductions in opioid-related deaths because of access to treatment.

Prescription Costs Would Increase for Seniors: One provision of the ACA is closing the Medicare donut hole. The donut hole is a coverage gap that existed for some beneficiaries with high drug expenses. Once individuals hit a certain point of the year, their medications became much more expensive because of this coverage gap (or donut hole). The ACA has been slowly closing that coverage gap each year until 2020. In 2015, about 297,000 Medicare beneficiaries saved an average of \$1,000 over the year on their prescription drugs. Altogether, seniors in PA saved an estimated \$313 million that year because of the ACA.¹¹

Pennsylvanians Would Lose Jobs: Expanding access to health insurance created many jobs in one of the fastest growing and best paid fields of work, especially in Pennsylvania which has many renowned medical centers. Repeal of the ACA (tax credits and Medicaid expansion) is estimated to result in job loss of about 137,000 jobs, mostly in the private sector.¹²

In Summary

Repeal of the Affordable Care Act would take us in the wrong direction. It would lead to huge increases in the number of uninsured Pennsylvanians, uncompensated care, untreated health problems, and bankruptcies and other financial distress due to health costs. Ultimately, it will lead to more untreated illness and death.

Instead of repeal, we must move in the opposite direction because, despite tremendous advances in addressing our broken health care system, the ACA is not enough.¹³ We need to move immediately to fix the problems created for the ACA by Republican efforts to undermine it and improve the ACA with higher subsidies for insurance. We must fix our payment and delivery systems to reduce health care cost inflation. And we consider moving to a single payer system of health insurance if there is no other way to guarantee quality affordable health care for all. Even with the ACA, 30.4 million non-elderly adults across the country remain uninsured and many others are underinsured or face

¹⁰ <https://younginvincibles.org/wp-content/uploads/2017/05/YI-Health-Care-Brief-2017.pdf>

¹¹ <https://www.insurance.pa.gov/siteassets/pages/default/aca%20fact%20sheet.pdf>

¹² Marc Stier, Devastation, Death, and Deficits: The Impact of ACA Repeal on Pennsylvania, January 19, 2017, https://www.krc-pbpc.org/wp-content/uploads/Impact_ACA_Repeal_Final_Revised.pdf, Part IV.

¹³ A discussion of some of the ways the Trump administration has undermined the ACA and what can be done to improve it, and more generally, improve our health care system can be found [here](#).

copays/health care expenses that make access to care difficult, or even impossible, given low incomes and other expenses. Universal coverage is both achievable and the right thing to do. It will just take the political will to make it happen.