



West Virginians for Affordable Health Care

*The consumer voice for health care*

## The New Health Reform

Unlike many other countries that implemented universal health insurance in the last hundred years, the United States has taken an incremental approach to promoting the health of its citizens and protecting them from the high cost of medical care.

*“Nobody knew health care could be so complicated”* President Donald Trump

In 1965, Congress enacted Medicare and Medicaid to give seniors and the very poor access to affordable quality health coverage. Medicare covers all seniors over age 65 and some people with disabilities. Medicaid evolved over time to cover health and long-term care for low income seniors, people with disabilities, children, pregnant women and impoverished families.

In 1997, Congress created the State Children’s Health Insurance Program (CHIP) which provided coverage for children of working families. In 2010, the Affordable Care Act, also known as Obamacare took another step towards universal coverage by expanding Medicaid and establishing Health Insurance Marketplaces, where low and middle-income wage earners could buy a quality insurance policy with financial assistance from the federal government.

## The Affordable Care Act (ACA)

The ACA passed by Congress in 2010 was another step towards universal, affordable, and quality health care. It promoted coverage in 3 ways:

1. It gave states the opportunity to expand their Medicaid programs beginning in January 2014 and provided states with a generous federal match: 100 percent federal funding for the first three years and declining to 90 percent by 2020, where it was expected to remain. Thirty-one states and the District of Columbia, including West Virginia, have taken advantage of the expansion. Nationally 17 million have enrolled in Medicaid. In West Virginia about 175,000 have enrolled in the Medicaid expansion.
2. Created a new regulated health insurance marketplace where people were guaranteed coverage for quality plans. Working families earning less than 400 percent of the Federal Poverty Level also qualified for financial assistance (tax credits) to purchase a policy of their choice. In West Virginia, more than 35,000 gained coverage through the marketplace and 86 percent received a subsidy. People with pre-existing conditions were guaranteed coverage.
3. Young adults were enabled to stay on their parents’ health insurance plans until the age of 26. In West Virginia about 15,000 young adults gained coverage.

## The American Health Care Act (AHCA)

In 2017, the Republican leadership in Congress proposed to repeal the Affordable Care Act and replace it with legislation that will, according to the nonpartisan Congressional Budget Office, increase the number of uninsured Americans by 24 million by 2016. The AHCA will:

- 1) End the Medicaid Expansion federal financial commitment by quickly phasing out the extra federal matching dollars for the Medicaid expansion.
- 2) End the historic Medicaid state-federal financial partnership by fundamentally altering the way Medicaid is financed by placing the entire Medicaid program, including the expansion population, under a per capita.
- 3) Keep financial assistance in the marketplace plans but fundamentally change the way they are calculated. Instead of income, subsidies will be calculated based solely on age for those making less than \$75,000 a year. The impact of this change will be that low-income people and older people will get less assistance under the Republican plan, while higher-income and younger people will get greater premium tax credits. Overall, the amount of the subsidies will decline.
- 4) End the individual mandate and penalty for being uninsured but will tax those who have a gap in coverage by increasing their cost of a health policy by 30 percent.
- 5) Allow young adults to stay on their parents' plans.
- 6) Repeal the ACA's two Medicare taxes — the additional Hospital Insurance tax on high-income people and the Medicare tax on unearned income — that fall *only* on individuals with incomes above \$200,000 (\$250,000 for married couples).
- 7) Repeals penalties for large employers (over 50 employees) who do not provide health insurance coverage.

The changes in taxation, which funds the Affordable Care Act, would cost \$594 billion between 2017 to and 2026. The 400 highest-income taxpayers (who on average make more than \$300 million a year) would get annual tax cuts averaging about \$7 million each in 2025. Millionaires would get tax cuts of more than \$50,000 each, on average, in 2025.

A more detailed version of a *Citizens Guide to Health Reform* will be available on line soon at

[www.wvahc.org](http://www.wvahc.org)