



American Health Care Act Congressional Budget Office Score Projects Savings Over 10 Years but Millions More Uninsured

On March 13, the Congressional Budget Office (CBO), in collaboration with the Joint Committee on Taxation (JCT), released its cost estimate for the American Health Care Act (AHCA).

Some highlights of the score are outlined below:

- **Costs and Coverage:** The bill is estimated to reduce federal deficits by \$337 billion over the next 10 years but would, during that time, result in an increase in the number of uninsured people by up to 24 million. CBO and JCT report that the loss of coverage is estimated to result from combined effects of repeal of the individual mandate, higher premiums and proposed changes to the Medicaid program. Medicare spending is also estimated to increase by US\$43 billion over the time period as a result of the decrease in Medicaid coverage and increase in the number of uninsured people.
- **Employer Coverage:** CBO and JCT also estimate that fewer employers would offer coverage to employees because of both the elimination of the mandate penalties and the expansion of tax credits to people with a broader range of incomes.
- **Impact on Premiums:** CBO and JCT estimate that average premiums in the nongroup market would increase through 2019, then level off as a result of the Patient and State Stability Fund, elimination of the actuarial value requirements for insurers and a younger, healthier mix of enrollees. The report notes that average premiums under the bill are expected to “differ significantly” based on an individual’s age.
- **Market Stability:** CBO and JCT anticipate that the nongroup market would remain relatively stable, with potential for some uncertainty in the first three years. The report also notes that the risk adjustment program, which the AHCA does not affect, would help protect insurers from losses associated with high-risk, high-cost enrollees.

On March 23, CBO released an updated cost estimate of the AHCA that takes into account the effect of changes from a substantive manager’s amendment that Republican members of the House of

Representatives offered during Rules Committee consideration of the AHCA. The revised estimate predicts a smaller deficit reduction than the March 13 estimate but a similar effect on premiums and coverage.

If you have any questions regarding this Sidley Update, please contact the Sidley lawyer with whom you usually work or

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