

MEMORANDUM

To: HELP Committee LAs
 From: HELP Committee minority staff
 Date: November 21, 2017
 Re: Why Alexander-Murray will not repair the damage done by the latest Republican attempt at health care sabotage

A number of Senate Republicans recently suggested passing Alexander-Murray alongside partisan tax reform, in order to lessen the impact of higher premiums and coverage losses that will come from this latest Republican attempt to undermine families' health care.

It's easy to see why Republicans would want political cover if they're going to pass tax reform that pays for massive corporate tax breaks by raising families' health care costs—but, as explained below, Republicans are seriously mistaken if they think passing Alexander-Murray will lessen the blow of repealing the coverage requirement included in the Affordable Care Act (ACA).

Republicans who are preparing to vote for partisan tax reform must accept that, no matter how hard they may try to hide behind Alexander-Murray, their vote for partisan tax reform would mean higher premiums for families, 13 million people losing coverage, and less stability and competition in the marketplaces.

Republicans' latest attempt at health care sabotage—repealing the coverage requirement—would result in higher premiums, millions fewer people covered, and less market stability.

Repealing the coverage requirement would leave families paying more for care and facing coverage losses. CBO¹ and the Joint Committee on Taxation (JCT)² project that repealing the mandate, without other reforms, would:

- increase the number of uninsured by 4 million in 2019, increasing to 13 million in 2027,
- raise premiums about 10 percent in the individual market, and
- save about \$338 billion over the 2018-2027 period. JCT estimated that repealing the coverage requirement in the Republican tax reform bill would save \$318.4 billion. Republicans intend to use these savings to fund massive tax breaks for corporations and the rich.

Passing Alexander-Murray would not shield patients and families from paying higher premiums, losing coverage, or losing coverage options should the Senate Republican tax bill be signed into law.

Premiums would increase if the coverage requirement is repealed, regardless of whether Alexander-Murray becomes law. Although CBO believes Alexander-Murray would reduce premiums in 2019, it has no effect in subsequent years. That means premiums would still be 10 percent higher as a result of repealing the coverage requirement in most subsequent years.

In fact, in 2019, the year when Alexander-Murray stands to impact premiums, repealing the mandate would still produce a net premium increase for many consumers. While people who receive tax credits are protected from the premium increases arising from the Trump Administration's decision to discontinue cost-sharing reduction (CSR) payments, those same consumers will see at least a 10 percent premium increase from repealing the coverage requirement – even if Alexander-Murray is enacted. This will increase the cost to taxpayers for protecting those consumers from premium increases. In addition, some states took steps to protect consumers who don't receive tax credits by creating off-exchange plans that didn't increase premiums because of CSR non-payment. Regardless of whether Alexander-Murray becomes law, those consumers with off-exchange plans would also see a premium increase should the coverage requirement be repealed.

¹ <https://www.cbo.gov/publication/53300>

² <https://www.jct.gov/publications.html?func=startdown&id=5043>

In many states, repealing the coverage requirement would increase premiums on exactly the middle-class tax payers that Republicans claim they help with tax reform.

Repealing the coverage requirement would cause 13 million people to lose coverage, but Alexander-Murray has no impact on coverage. CBO estimates that Alexander-Murray wouldn't have any impact on the number of people who purchase coverage. In other words, passing Alexander-Murray would not give coverage back to any of the 13 million people who lose insurance because of repealing the coverage requirement.

Alexander-Murray only restores two years of certainty on out-of-pocket cost reduction payments, but repealing the coverage requirement is permanent—making the individual market far more unstable. Insurance commissioners and governors from both parties who testified before the HELP Committee made clear that the coverage requirement is critical to maintaining a stable insurance market. In 2019, repealing the coverage requirement would neutralize any of the benefit of the Alexander-Murray legislation. After 2019, when the coverage requirement is repealed and there is no certainty of CSR payment, the individual market will be much less attractive to insurance carriers. In a recent study, numerous insurers reported that they would “seriously consider” withdrawing from the market if the individual mandate is repealed.³ That could mean fewer insurers participating in the market, reducing competition and choice for consumers.

People across the country have roundly rejected Republicans’ reckless repeal efforts, including so-called “skinny repeal.” Regardless of whether Alexander-Murray passes, people across the country will pay more and lose coverage as a result of this latest Republican attempt at health care sabotage, and Republicans will own the consequences.

³ <https://www.urban.org/research/publication/uncertain-future-affordable-care-act-leads-insurers-rethink-participation-prices/view/full-report>