

Fact Sheet: Maryland

Impact of the American Health Care Act on Maryland

Jean Accius, Olivia Dean, Brendan Flinn, Lynda Flowers, Claire Noel-Miller, Leigh Purvis, Jane Sung, and Lina Walker
AARP Public Policy Institute

The American Health Care Act would make health care unaffordable and inaccessible for millions of Americans. The impacts of the bill on Marylanders are listed below.

The bill reduces funding for Medicare, which will negatively affect current and future beneficiaries.

The bill repeals a 0.9 percent payroll tax on higher-income workers, which would remove over \$100 billion over ten years from the Hospital Insurance trust fund. This would hasten the insolvency of Medicare and diminish Medicare's ability to pay for services in the future. The bill also removes nearly \$25 billion in required payments from pharmaceutical companies over ten years from the Part B trust fund, which would increase premiums for people on Medicare.

- In 2016, Medicare provided coverage for 854,920 Marylanders of all ages, or about 14 percent of the state's population.
- About 86 percent of Marylanders with Medicare are over age 65 and 14 percent are younger people with disabilities under the age of 65.
- About 1,235,245 (or 21 percent of) of Marylanders are between the ages of 50 and 64 today and will transition into Medicare over the next 15 years.

The bill unfairly penalizes older Americans.

The bill discriminates against 6.1 million Americans ages 50-64 in the individual (non-group) health insurance market by allowing insurance companies to charge older people five times or more what others pay for the same coverage. At the same time, it significantly reduces tax credits now available to lower and middle-income older persons to help pay premium costs.

- About 146,279 (or 11 percent of) of Marylanders between the ages of 50 and 64 are enrolled in the individual market and would be impacted by the AHCA's age rating changes.
- 50- to 64-year-olds comprise 37 percent of all adults receiving premium tax credit assistance in Maryland.

Changes to age rating and tax credits would significantly increase premiums.

- A 55-year-old in Maryland earning \$25,000 annually could see her premium increase by as much as \$2,825.
- A 64-year-old in Maryland earning \$25,000 annually could see his premium increase by as much as \$5,834.

Older Marylanders simply cannot afford to pay the higher premiums.

- In 2015, half of all Marylanders ages 50-64 buying insurance in the individual market have incomes of \$22,000 or less a year.

The bill removes protections for people with pre-existing health conditions.

It would allow insurance companies to once again charge higher premiums based on a person's health condition (known as medical underwriting),



**Public Policy
Institute**

significantly raising premiums and making health care unaffordable.

- If Maryland chooses to establish a high-risk pool, Marylanders with pre-existing conditions would face premiums of \$22,529 or more in 2019.
- About 477,584 (or 39 percent of) 50-64 year olds in Maryland have a preexisting condition.

The bill weakens protections for people with individual and employer coverage.

It allows states to waive current standards for minimum coverage (known as Essential Health Benefits) allowing insurers to sell less comprehensive, potentially even skimpy coverage. The bill also weakens current protections that ensure a person doesn't end up with catastrophic out-of-pocket costs. This weakening includes the requirement that insurance companies must limit consumers' annual out-of-pocket costs (such as deductibles and copays). It also includes the ban on insurance companies setting caps on how much they would cover annually, or over a person's lifetime. These changes would affect people in the individual market and those with employer-sponsored coverage. The result would be less choice and reduced access to needed services for people with pre-existing conditions.

- 146,279 (or 11 percent of) Marylanders ages 50-64 receive coverage through the individual market and could be affected by the bill.
- The bill can also increase costs for 877,393 (or 69 percent of) Marylanders ages 50-64 who receive coverage through their employer, by weakening current limits on their out-of-pocket costs.
- Every year, 182,024 Marylanders ages 18-64 who work for a large employer leave or lose their jobs and may have to buy coverage in the individual market.

The bill cuts over \$800 billion from Medicaid.

The bill creates a capped financing structure in the Medicaid program and cuts \$839 billion – nearly 25 percent – over ten years. Both per capita cap and block grant financing would likely shift significant costs to states, state taxpayers, and families. The bill could lead to cuts in provider payments, program

eligibility, services, or all of the above – ultimately harming some of our nation's most vulnerable citizens.

- In 2017, more than 1,293,000 Marylanders received health coverage and long-term services and supports (LTSS) through Medicaid.
- In FY 2013, about 142,000 low-income Medicare beneficiaries in Maryland received Medicaid.

Most people prefer to receive LTSS in their homes and communities. Nursing home care is generally more expensive than serving people in the community, but home and community-based services (HCBS) is an optional service in Medicaid. Cutting federal Medicaid spending jeopardizes access to HCBS, forcing people to rely on more expensive nursing home care.

- In FY2014, nursing facilities comprised 74.4 percent of Medicaid LTSS expenditures in Maryland for older adults and people with physical disabilities.

The bill will significantly increase the number of uninsured Americans

- 265,100 Marylanders will lose coverage by 2026 as a result of the bill.

Detailed source information available at:
<http://bit.ly/2qvESpS>

Fact Sheet 536, June 2017

© **AARP Public Policy Institute**
601 E Street, NW
Washington DC 20049

Follow us on Twitter @AARPolicy
on facebook.com/AARPolicy
www.aarp.org/ppi

For more reports from the Public Policy Institute, visit <http://www.aarp.org/ppi/>.

AARP[®]
Real Possibilities

**Public Policy
Institute**