Graham-Cassidy Would Lead to Unaffordable Costs for Older Adults Who Get Sick or Have a Preexisting Condition

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Health Care Costs Under Graham-Cassidy in
Penobscot County, Maine

Anna
Age: 50
Income: $30,000
Anna was recently diagnosed with colon cancer. Her treatment will include surgery and chemotherapy. She will also need cancer drugs to help her treat her condition.

Anna Needs:
- Cancer drugs
- Primary care doctor
- Oncologist

Martin
Age: 60
Income: $30,000
Martin has several pre-existing conditions, including heart disease, hypertension, and diabetes (12-year history). He takes several medications to manage his conditions.

Martin Needs:
- Drugs for multiple conditions
- Primary care doctor
- Endocrinologist
- Lab for cholesterol screening
- Emergency department care

Under Graham-Cassidy, they could experience:

Higher Premiums:
- $7,400 more per year
- $34,100 more per year

Higher Out-of-Pocket Costs:
- $47,600 more per year
- $2,200 more per year

Total Cost Increase:
- $55,000 more per year
- $36,300 more per year

Note: Estimated impact of Graham-Cassidy, as released on 9/13/2017 and circulated on 9/24/2017, due to weaker consumer protections and premium tax credit repeal.

Source: AARP Public Policy Institute, "Graham-Cassidy Would Lead to Unaffordable Costs for Older Adults Who Get Sick or Have a Pre-Existing Condition", September 2017. Data and analytics by Avalere Health.
Background:
If the Graham-Cassidy bill is enacted\(^1\), 25 million or more older adults ages 50 to 64\(^2\) could be left worrying whether they will be able to afford the health care and insurance coverage they need if they get sick or have a pre-existing condition. This is because the Graham-Cassidy bill would permit states to weaken many critical consumer protections, including allowing insurance companies to:

- Discriminate against people with pre-existing conditions and charge them unaffordable premiums;
- Charge older adults significantly higher premiums than others based on their age (known as age rating);
- Eliminate coverage of needed services and life-saving medications;
- Limit the amount they will pay for important health care services; and
- Restrict health care providers that are part of their networks.

How would this affect older Americans? We examined the potential impact\(^3\) of Graham-Cassidy, if it were implemented today, on two typical older Maine consumers: one who is diagnosed with cancer, and one with pre-existing health conditions.\(^4\)

Profile #1: Anna

New Cancer Diagnosis
Anna is 50 years old, earns $30,000 per year and lives in Penobscot County, Maine. She was recently diagnosed with colon cancer. Her treatment plan requires her to have surgery and chemotherapy. She sees a primary care doctor and an oncologist and relies on a cancer drug every day to help manage her condition.

If the Graham-Cassidy bill became law and her state weakens current protections for essential health benefits and limits on age-rating, **Anna’s total health care costs could increase by as much as $55,000 a year.**

Breakdown of Costs:
Under this scenario, Anna’s health insurance premiums could increase by as much as $7,400 a year since her insurance company is allowed to charge her up to five times more in premiums than other people based on her age, and since the bill repealed premium tax credits. In addition, her out-of-pockets costs could be $47,600 more a year. That’s because her share of costs for her cancer drug would no longer count towards her plan’s maximum out-of-pocket limit, requiring her to pay significantly more in out-of-pocket costs.
Profile #2: Martin

Pre-existing Conditions
Martin is 60 years old, earns $30,000 per year and lives in Penobscot County, Maine. He has a 12-year history of diabetes, and has other chronic health conditions including heart disease and high blood pressure. He needs several medications to help manage his health conditions. He makes regular visits to a primary care doctor and an endocrinologist, and he also sees a podiatrist and ophthalmologist once a year. He also requires lab work to monitor his cholesterol and diabetes. This past year, he required one emergency room visit due to his health conditions.

If Graham-Cassidy becomes law and his state weakens current consumer protections to allow changes to rules on pre-existing conditions, age rating, and network adequacy, Martin’s total health care costs could increase by as much as $36,300 a year.

Breakdown of Costs:
Under this scenario, Martin’s health insurance premiums could increase by as much as $34,100 a year. This is because his health insurance company is allowed to charge much higher rates based on both his health history and his age (up to five times higher than younger people). Premium tax credits are also eliminated. In addition, his out-of-pocket costs could be $2,200 more a year. That’s because weaker network adequacy standards has led his insurance company to no longer include the specialists he needs in its network, requiring him to pay much higher out-of-network costs for some of his doctors’ visits, treatments, and drugs.

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1 As released on September 13 and circulated on September 24, 2017.
3 These scenarios are calculated based on 2017 Marketplace coverage.
4 Data and analytics were provided by Avalere Health. Profiles show increased costs under Graham-Cassidy if states weaken or eliminate key consumer protections. The profiles are based on common patient profiles developed in consultation with a clinician. Costs under current law were developed using coverage for the second-lowest-cost-silver plan in 2017 in the county.