

## Fact Sheet: Rhode Island

# Impact of the American Health Care Act on Rhode Island

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The American Health Care Act would make health care unaffordable and inaccessible for millions of Americans. The impacts of the bill on Rhode Islanders 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 188,309 Rhode Islanders of all ages, or about 18 percent of the state's population.
- About 82 percent of Rhode Islanders with Medicare are over age 65 and 18 percent are younger people with disabilities under the age of 65.
- About 222,991 (or 21 percent of) of Rhode Islanders 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 34,028 (or 15 percent of) of Rhode Islanders 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 Rhode Island.

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

- A 55-year-old in Rhode Island earning \$25,000 annually would see her premium increase by an average \$1,194.
- A 64-year-old in Rhode Island earning \$25,000 annually would see his premium increase by an average \$3,490.

### Older Rhode Islanders simply cannot afford to pay the higher premiums.

- In 2015, half of all Rhode Islanders ages 50-64 buying insurance in the individual market have incomes of \$20,000 or less a year.

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

It would allow insurance companies to once again



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charge higher premiums based on a person's health condition (known as medical underwriting), significantly raising premiums and making health care unaffordable.

- If Rhode Island chooses to establish a high-risk pool, Rhode Islanders with pre-existing conditions would face premiums of \$24,587 or more in 2019.
- About 83,683 (or 38 percent of) 50-64 year olds in Rhode Island 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.

- 34,028 (or 15 percent of) Rhode Islanders ages 50-64 receive coverage through the individual market and could be affected by the bill.
- The bill can also increase costs for 155,040 (or 68 percent of) Rhode Islanders ages 50-64 who receive coverage through their employer, by weakening current limits on their out-of-pocket costs.
- Every year, 40,451 Rhode Islanders 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 303,000 Rhode Islanders received health coverage and long-term services and supports (LTSS) through Medicaid.
- In FY 2013, about 37,000 low-income Medicare beneficiaries in Rhode Island 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 78.6 percent of Medicaid LTSS expenditures in Rhode Island for older adults and people with physical disabilities.

### **The bill will significantly increase the number of uninsured Americans**

- 51,500 Rhode Islanders will lose coverage by 2026 as a result of the bill.

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

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