CBO Scores House GOP Health Reform Bill

The Congressional Budget Office (CBO) recently released an updated cost estimate finding that the American Healthcare Act (AHCA) (H.R. 1628) as passed by the House would save $119 billion over 10 years while 23 million individuals would lose insurance coverage over that period. The impact of the bill would be disproportionately felt by older and low-income people. Medicaid accounts for the brunt of coverage losses due to the repeal of Medicaid expansion and caps on the federal government’s share of financing.

CBO notes constraints on its ability to predict the fiscal impact of the AHCA. Under the so-called “McArthur Amendment,” the AHCA allows states to request waivers to opt out of Affordable Care Act (ACA) age rating, essential health benefit (EHB), and community rating provisions. Without knowing precisely which states will plan to seek such waivers, when they will seek to do so, market conditions, and which policies such states will seek to waive, CBO notes the changes made by the legislation are all difficult to predict, so the estimates reflect “the middle of the distribution of potential outcomes.” CBO estimates that premiums for low-income elderly individuals in states requesting those waivers would rise 700 percent, from $1,700 under current law to $13,600. However, that population would pay 847 percent more, $16,100, in states that don’t request waivers.

The House passed the AHCA on May 4, 2017 before CBO’s estimate was available. The revised CBO score has important implications for ongoing health reform work in the Senate which is expected to release its own legislation sometime before the August recess.