

## **The Congressional Republican Health Care Bill An Attack on Everyone's Health Benefits**

- **The Congressional Republican health plan is an attack on everyone's health benefits.** No health care coverage—workplace plans, Medicare, Medicaid or the individual insurance coverage now available as a result of the Affordable Care Act—is untouched.
- **The Republican health plan will take health coverage away from 24 million people.** Congress' own budget experts say the Republican plan will take health benefits away from 24 million people once it goes fully into effect. This haphazard “repeal and replace” effort will result in painful taxes on working families, cuts to Medicaid, and tax giveaways for the super-rich. Of all the bad ideas in this flawed plan, forcing workers to pay a so-called “Cadillac tax” on employer provided health care has to be among the worst. That's a terrible plan for health care in America.
- **The Congressional Republican plan isn't really a health care plan at all. It's a massive transfer of wealth from working people to Wall Street.** The Republican plan gives the 400 highest-income households an average tax cut of about \$7 million each. The average millionaire household will get more than \$50,000 every year. Insurance corporations will score \$145 billion over 10 years from the Republican plan, while pharmaceutical manufacturers will get \$25 billion. Republicans pay for these tax breaks by cutting health benefits for Americans who struggle the most to make ends meet and keeping the so-called “Cadillac tax” on working people's health plans.
- **For more than a century, the labor movement has fought to make health care a right for every American. The Republican plan contradicts this very idea by making care less affordable and less accessible.** It's bad for health care, it's bad for working families, it's bad for our economy and we fully oppose it.

### **Taxing Workers' Health Benefits to Pay for Tax Cuts for Corporations and the Rich**

- **The Republican plan keeps the so-called “Cadillac tax” on workers' health benefits while giving huge tax breaks to others.** Their plan provides tax cuts for the super wealthy, insurance corporations, pharmaceutical companies, and medical device manufacturers—who will reap huge windfalls.
  - The Republican plan puts the costs of the legislation squarely on the backs of middle class workers, while producing huge tax breaks for the wealthy and Wall Street.
  - The so-called “Cadillac tax” is a 40% excise tax on the cost of employment-based health insurance that exceeds certain amounts. The Republican plan delays the start date for the tax by five years, before it goes fully into effect for all future years.

- **The Republican plan hurts large numbers of working people by keeping the “Cadillac tax.”**
  - The Mercer consulting firm estimates that by 2025 the coverage provided by more than 40 percent of employers with 50+ workers would be impacted by the tax.
  - Congress’ budget experts predict that many employers facing the health benefits tax will simply drop coverage, and that millions of workers will have to seek other forms of coverage while some go uninsured.
  - Research has found that the health benefits tax will fall predominantly on middle class families while sparing the wealthy.
  - As health insurance premiums continue to rise, the health benefits tax will force employers offering coverage to choose between paying the tax and increasing out-of-pocket costs for their workers.
- **The Republican plan will result in workers paying thousands of dollars in new out-of-pocket costs.**
  - Congress’ budget experts predict that the vast majority of employers would shift costs to their workers by increasing deductibles, co-pays, co-insurance and maximum out-of-pocket limits to avoid paying the tax.
  - Workers’ out-of-pocket costs have already been increasing rapidly. For example, from 2011-2016, deductibles for single coverage increased nearly six times faster than workers’ earnings. The average single deductible for employment-based coverage was \$1,221 in 2016.
  - Research shows that people forgo essential and nonessential services in equal amounts when cost sharing requirements increase. When people forgo needed treatment, their use of emergency department and hospital services increases.

### **Making Coverage Less Affordable for Individuals**

- **The Republican health plan will make health coverage unaffordable for millions of Americans.**
  - The ACA helps eligible people pay for individual health insurance by giving them flexible tax credits that limit what they have to pay for premiums out of their own pocket based on their income. This approach takes where families live and the rising cost of coverage into account.
  - The Republican plan eliminates the ACA’s protections against high premiums. It substitutes flat tax credits that range from \$2,000 and \$4,000 per person, depending on age. The Republican tax credits provide no protection for people who live in a high-cost area and will not keep up with rising premiums in the future.

- The Republican plan cuts deeply the financial assistance available to millions of families currently receiving coverage through the Affordable Care Act marketplaces.
  - Nationally, people who get help today will have to pay \$1,700 more per year for premiums out of their own pocket, on average.
  - In the 11 states with the highest premium costs, people would see a 50 percent or greater cut in the tax credits they get, requiring them to pay \$3,000 more each year out of their own pockets, on average. Alaskans would be hit with a whopping \$10,000 increase in their out-of-pocket premium, on average.
- **The Republican health plan hits older people hard with big cuts in help to pay premiums, while letting insurance companies charge them much more.**
  - AARP estimates the Republican plan would spike premiums for a 64-year old individual making \$25,000 per year by \$7,000 in 2020 and someone making \$45,000 by over \$4,300.
  - Congress' budget experts show it is actually gets much worse than that over time. They estimate that a 64-year old earning \$26,500 in 2026 (175% of the federal poverty level) would be hit with a \$12,900 increase in her out-of-pocket premium compared to the ACA; and that would be for much worse coverage, with much higher deductibles, co-pays and co-insurance.
  - The ACA helps eligible people pay for individual health insurance by giving them flexible tax credits that limit what they have to pay for premiums out of their own pocket, something that's especially valuable the older you get. The ACA also limits how much more insurance companies can charge older individuals than younger people, capping it at a 3:1 price ratio.
  - The Republican health plan undoes these protections for older people by limiting tax credits to \$4,000 a year for people 60 and older (maximum for people with income under \$75,000) and letting insurance companies charge their oldest purchasers 5 times what they charge young adults.
- **The Republican plan requires people to pay insurance companies 30% extra if they don't have "continuous" health coverage.**
  - The Republican plan replaces the ACA's so-called "individual mandate" with a 30% penalty paid directly to insurance companies.
  - Anyone who has more than a 63-day gap in health insurance coverage will owe the penalty to an insurance company. Not even losing a job or being unable to afford insurance will be considered excuses.
  - The 30% penalty is effectively a tax assessed against the monthly premiums paid to an insurance company for the first 12 months when a person becomes insured again.

### Cutting Federal Funding for Medicaid

- **The Republican health care bill jeopardizes health benefits and access to needed care for over 70 million Americans who are covered by Medicaid.** Congress' own budget experts say the Republican bill will slash federal funding for Medicaid by an estimated \$880 billion and take Medicaid away from 14 million people over 10 years. The Republican plan quickly phases out the ACA's Medicaid expansion for 11 million adults struggling to make ends meet, and imposes a hard per capita cap on federal funding, which will not keep up with the actual cost of care.
- **Medicaid plays an enormously important role in providing Americans access to needed care.** Medicaid is our nation's health benefits program for those who are struggling the most to make ends meet, such as children and adults with disabilities, children in low-income families, seniors who cannot afford nursing homes or the assistance needed to remain in their homes and communities, and the working poor. Medicaid plays a huge role in ensuring people get the care they need:
  - Medicaid, together with the Children's Health Insurance Program (CHIP), covers 1-in-3 children (33 million).
  - Medicaid covers 2-in-5 children with disabilities or other special health care needs.
  - Almost half of all childbirths in the U.S. are paid for by Medicaid.
  - More than 3-in-5 nursing home residents have their stays paid for by Medicaid.
- **The Republican plan radically diminishes federal funding that goes to state Medicaid programs.** Today, the federal government pays a guaranteed percentage of Medicaid costs. So, federal support keeps pace to reflect new lifesaving treatments and a changing population mix, such as growing numbers of people 85 and older covered by Medicaid. The Republican plan replaces the current federal guarantee with a per capita amount—designed to fall behind actual growth in the cost of providing necessary care.
- **If we do not stop these cuts, Republicans will inflict enormous harm on individuals and families by denying them access to needed medical and long-term care and supportive services.** Unless they can “find” the money to cover the Republican Medicaid cuts, states will be forced to cut eligibility, covered benefits, and provider reimbursements. Among the most vulnerable to cuts will be people who count on Medicaid for home and community-based services that enable them to stay in their homes, instead going into nursing homes or other institutional care settings.
- **Millions of low-income working people will no longer be able to get Medicaid after the Republican plan quickly phases out the ACA's Medicaid expansion.** Over 11 million people got access to needed medical care because the ACA expanded Medicaid eligibility to non-disabled adults (18-64) with incomes under 138% of the federal poverty level (under \$16,643 for 1 person in 2017). Many of these families include at least one worker—but these workers are unlikely to be offered health benefits on the job, either

because their employers do not offer a plan at all or because they work in jobs the employer chooses not to cover under its plan.

- **The Republican Medicaid cuts will wreck state budgets.** Medicaid accounts for one-fourth of total state budgets, with the federal government covering almost 60 percent of that spending, on average. There is no doubt that State budgets would be dramatically strained if Congressional Republicans succeed in cutting Medicaid.
- **The Republican Medicaid cuts will cost working people their jobs.** When states respond to the loss of funding by cutting Medicaid eligibility, benefits, and provider reimbursements, then nurses, nursing home workers and home health aides will lose jobs. When states respond by cutting back on other public services, people who provide those services will lose jobs.

### **Weakening Medicare to Give Tax Breaks to the Wealthy and Prescription Drug Manufacturers**

- **The Republican plan robs Medicare of \$140 billion dollars to give huge tax cuts to the wealthy and to prescription drug corporations.**
- **The Republican plan takes three years off the life of Medicare's hospital fund to give the wealthy a \$117 billion tax cut.**
  - Under the Republican plan, the Medicare Hospital Insurance (HI) Trust Fund (a.k.a., the Medicare Part A Trust Fund) will become insolvent three years sooner, in 2025 instead of 2028, according to Medicare's independent actuary.
  - The Republican plan hurts Medicare by giving a \$117 billion tax cut to the wealthy. The Republican plan repeals the additional Medicare payroll tax on wages above \$200,000 for individuals and \$250,000 for married couples.
- **The Republican plan takes \$25 billion dollars from Medicare's supplemental insurance to give a big tax break to pharmaceutical corporations.**
  - Their plan repeals a fee on the manufacturers and importers of branded prescription drugs, which would raise \$25 billion over the next 10 years.
  - Under current law, that \$25 billion is given to Medicare's Supplementary Medical Insurance Trust Fund (a.k.a. the Medicare Part B Trust Fund).