



## Budget Digest – Week of March 13<sup>th</sup>

### THE AMERICAN HEALTH CARE ACT: CBO COST ESTIMATE

On Thursday, the Committee on the Budget will mark up the “American Health Care Act” [AHCA], binding together the legislative recommendations submitted by the Committees on Energy and Commerce and Ways and Means. As provided for in the “Congressional Budget and Impoundment Control Act of 1974”, the Budget Committee will combine the provisions, without substantive change, into a single reconciliation bill and report it to the House. This is part of the Republican three-front strategy to improve the Nation’s health care.

**Spending and Deficit Effects.** According to the Congressional Budget Office [CBO] cost estimate released this week, enacting this bill will reduce projected Federal spending by \$1.2 trillion through 2026, and will reduce deficits by \$337 billion. The AHCA also moves Medicaid off its fiscally irresponsible path by refocusing resources on the most vulnerable populations and saving the program \$880 billion. Finally, it puts \$883 billion back in the hands of Americans by rolling back Obamacare’s burdensome taxes.

**Insurance Coverage.** The AHCA increases patient choice. While under Obamacare, in 2015, 19.2 million Americans decided to either pay the individual mandate penalty or seek an exemption, the AHCA enables patients to choose whether or not they want to purchase health insurance coverage. The AHCA allows for flexibility in benefit coverage levels and expanded health savings accounts [HSAs], returning decisions about health care to the patient. In their estimate, however, CBO does not count all plans as coverage. It includes only “comprehensive major medical policies,” while excluding HSAs and plans bought with portable tax credits that give patients choices as opposed to Washington-defined coverage. It is also important to note that the AHCA is just one of three fronts in the Republican health care strategy, and CBO can only analyze the bill at hand. Consequently, CBO cannot reflect the effects of planned administrative or legislative provisions that cannot be included in reconciliation.

**Insurance Premiums.** According to CBO, average premiums will drop by 10 percent under the AHCA. The estimate demonstrates that the AHCA will provide relief from skyrocketing premiums and rising deductibles that make care inaccessible under Obamacare, even for those who have coverage (50 percent of those on Obamacare skip doctor visits to avoid high out-of-pocket costs).

#### AMERICAN HEALTH CARE ACT HIGHLIGHTS:

- ✓ \$337 billion in deficit reduction
- ✓ Returns \$883 billion to taxpayers
- ✓ Modernizes Medicaid to save \$880 billion
- ✓ Lowers premiums by 10% by 2026