State of Connecticut
Office of Policy and Management

# Better Care Reconciliation Act – Summary of Potential Impacts to Connecticut

Similar to the House version, the Senate Republicans' Better Care Reconciliation Act (BCRA) threatens affordable health insurance for tens-of-thousands of Connecticut residents, and dismantles Medicaid by converting it from an entitlement program that serves all eligible people to a discretionary program that has capped federal funding. Additionally, the BCRA severely restricts access by driving up out-of-pocket costs before consumers are eligible for subsidies. The BCRA would result in a devastating cost shift to the states and could cost Connecticut nearly $2.9 billion per year by 2026.

## IMPACT ON CT MEDICAID AND OTHER PUBLIC HEALTH PROGRAMS:

**Threatens health care coverage for our most vulnerable populations**. Currently, Medicaid is available to any person who meets eligibility guidelines, and the federal government covers at least half of the costs. The proposal to cap federal payments will likely force Connecticut and all states to either (1) pick up the costs, (2) significantly limit benefits, (3) reduce the number of people served, or (4) reduce rates to providers, while also making states vulnerable to arbitrary reductions in federal spending going forward.

Both the House and Senate bills propose significant changes to reduce federal Medicaid support, including per capita cost caps and reductions to reimbursement for expansion enrollees. While the impact of the House version occurs under a more aggressive timeframe than the Senate version, the impact of the Senate bill is likely more significant once the effects of its proposed changes are fully realized. Both bills would represent an unprecedented transfer of risk, responsibility and cost, of historic proportions, to the state.

Further, the Senate bill adds a new provision under the per capita model that penalizes states with higher provider costs and more expansive Medicaid benefits by shifting funding to states with below average per capita expenditures through a reduction in the inflationary index beginning in 2025 and imposition of a penalty to states whose per capita spending exceeds the national average by 25 percent or more. Under a per capita model, reducing enrollment does not reduce state costs per person and thus states would be forced to pull back on covered benefits and/or reduce provider reimbursement to live within reduced federal funding. If this were to become law, Connecticut would face difficult decisions about how to live within the reduced federal resources. The anticipated funding reduction by 2026 is equivalent to 80,000 to 230,000 fewer Connecticut residents being served under Medicaid.

**Undermines coverage for low-income adults without children.** Additional federal funding enabled Connecticut to expand our Medicaid program to cover low-income adults, greatly reducing the number of uninsured people. The proposed phase down of enhanced match for these services threatens the continued coverage of over 200,000 enrollees.

**Preliminary Estimate of Fiscal Impacts to the State Budget** *(in millions)***:**

| | SFY 18 | SFY 19 | SFY 20 | SFY 26 |
|---|---|---|---|---|
| Loss of Federal Funding for Planned Parenthood | ($6.8) | - | - | - |
| Repeal of the Prevention and Public Health Fund | ($7.3) | ($7.3) | ($7.9) | ($16.2) |
| Loss of Enhanced Reimbursement for Community First Choice | - | - | ($3.1) | ($9.9) |
| Impact of "Baseline" Per Capita Approach | - | - | Up to ($40) | Up to ($1,640) |
| Phase Out of Enhanced Reimbursement for Expansion Population | - | - | - | ($850) – ($1,100) |
| Reduced Ceiling on Provider Taxes | - | - | - | ($129.6) |
| Administrative and Other Costs | - | - | TBD | TBD |
| **Estimated Impact** | **($14.1)** | **($7.3)** | **($11) – ($51)** | **($1,006) – ($2,896)** |

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## IMPACT ON ACCESS HEALTH CT AND CONSUMERS:

**Increases costs for customers purchasing plans from Access Health CT (AHCT) and reduces benefits.** Currently, 75 percent of AHCT's 98,100 enrollees are eligible to receive a subsidy to help pay for health insurance coverage. The BCRA restricts the limits on who will qualify for premium subsidies (aka Premium Tax Credits). Families with incomes between 350 percent and 400 percent of the federal poverty level will no longer qualify for help paying for health insurance coverage. This has the potential to impact nearly 6,500 current enrollees who have incomes in this range. Additionally, financial assistance for older consumers will be reduced as the BCRA will require them to pay up to 16.2 percent of their premiums compared to the the current maximum of 9.65 percent. The BCRA also makes changes to the benchmark plan so that it covers a smaller percentage of health care costs, which will result in less comprehensive care for enrollees.

**Eliminates the individual and employer mandate and creates a waiting period, increasing premiums.** The BCRA eliminates the individual and employer mandates which require people to buy coverage to keep the risk pool balanced so that people do not just buy coverage when they are sick. The BCRA requires a 6-month waiting period for any individual that has a gap in coverage of more than 63 days, which is designed to lessen the likelihood of people not maintaining their coverage enrolling and/or re-enrolling only when they are sick. Premiums are anticipated to increase by 10 to 15 percent because of the loss of the individual and employer mandates.

**Repeals the Cost Sharing Reduction (CSR) Program, increasing premiums.** The BCRA continues to fund the CSR program, which helps low-income individuals with co-pays, deductibles, and co-insurance, but only for 2018 and 2019. The BCRA repeals CSRs effective January 1, 2020. The repeal of CSRs is estimated to increase premiums by an additional 20 percent.

**Increases the age rating ratio.** The BCRA allows the age rating ratio to increase from 3:1 to a maximum of 5:1, which would lower premiums for the younger population who are important to keep in the risk pool, but would increase premiums for people 50 and older. The proposal allows the states to decide the age rating ratio which could include continuing to maintain 3:1.

**Restrictions on eligibility may lead to a higher uninsured population.** Due to a change in eligibility criteria, certain documented immigrant populations that currently may be eligible to buy coverage with financial assistance will be prohibited from doing so under the BCRA, potentially leading to a higher uninsured population.

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