

ACA Repeal and Ruin: A GOP How-to Guide

The Affordable Care Act (ACA) provides health insurance coverage and protections to millions of working families and children. Republican lawmakers' repeal-and-ruin policies would make coverage more expensive and care less accessible, and would eliminate many critical protections, such as essential benefits and the ban on lifetime coverage limits.

STEP 1: Tax Working Families

A longtime GOP goal is to break up employer-based coverage. Taxing employer plans would encourage employers to stop offering coverage. The replacement plan released by House Republicans would retain **the 40 percent tax on workers' health benefits**—the so-called “Cadillac tax.” To avoid the tax, many employers have been offering more high-deductible health plans (HDHPs), increasing out-of-pocket costs for working families.¹ Research shows that HDHPs lead to worse health outcomes.²

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STEP 2: Make Sicker and Older People Pay More

The GOP would replace the ban on discrimination against people with pre-existing conditions with high-risk pools, making coverage much less affordable or unavailable to people with costly conditions. Experience with these programs shows that the premiums charged to sicker individuals would be up to **250 percent** higher than those charged to healthy individuals, and would exclude coverage for pre-existing conditions for a period of up to one year.³ GOP plans also would allow insurers to charge older people up to five times more.

STEP 3: Push Costs to States

GOP plans would eliminate the right to Medicaid for eligible children, seniors, people with disabilities and working families, and replace it with a lower lump-sum payment, slashing the share paid to states by the federal government. Such “block-granting” would cause up to **20 million** children, seniors, people with disabilities and low-income families to lose insurance. Healthcare providers would see payment cuts of **more than 30 percent**.⁴ Many providers would withdraw from Medicaid, limiting access to care.

STEP 4: Ration Care Based on the Ability to Pay

GOP policies would lead to more rationing of health care based on the ability to pay. Unlike the ACA, premium subsidies in GOP plans are based on age rather than income. This policy would put healthcare coverage out of reach for many sicker and lower-income individuals. These meager tax subsidies would be paired with tax-preferred health savings accounts (HSA); however, **70 percent** of the total value of HSA contributions would go to households with incomes of **\$100,000 or more**.⁵

STEP 5: Provide Tax Breaks to the Wealthy

The GOP has an endgame. Cutting programs for the most vulnerable and taxing working families will free up space in the budget to give tax breaks to the wealthy. The ACA included two Medicare taxes on high-income earners. Repealing these two taxes would give millionaire households a tax cut of about **\$50,000 annually**. The size of this tax cut is nearly the income of the median American household.⁶

¹ Tierney Sneed. “Before His HHS Nom, Price Had Employer Health Insurance in His Sights.” *Talking Points Memo*, Jan. 17, 2017.

² Zarek C. Brot-Goldberg et al. “What Does a Deductible Do?” Cambridge, Mass.: National Bureau of Economic Research, 2015.

³ Karen Pollitz. “High-Risk Pools for Uninsurable Individuals.” (Menlo Park: Kaiser Family Foundation, 2016).

⁴ John Holahan et al. “National and State-by-State Impact of the 2012 House Republican Budget Plan for Medicaid.” (Washington: Urban Institute, 2012).

⁵ “What Is a Health Savings Account?” (Washington: Center on Budget and Policy Priorities, 2017).

⁶ Chye-Ching Huang, Chuck Marr, and Emily Horton. “Eliminating Two ACA Medicare Taxes Means Very Large Tax Cuts for High Earners and the Wealthy.” (Washington: Center on Budget and Policy Priorities, 2016).