

## Affordable Care Act Repeal Would be a Disaster for Maine

### Introduction

Since 2010, the Affordable Care Act (ACA) has helped provide health care for thousands of Mainers, created jobs in the health care sector, reduced uncompensated care costs for hospitals and providers, and eased the burden on businesses that insure workers.

In 2016 alone, 75,000 people used the federal health insurance marketplace to obtain individual health care plans,<sup>1</sup> and every insured Mainer has benefited from consumer protections provided by the ACA.

While Maine is in the minority of states that has yet to expand its Medicaid eligibility and take advantage of federal funding, the number of residents without health insurance has still gone down as a result of other ACA provisions. Repealing the law without a suitable replacement would cause 95,000 fewer Mainers to have health insurance in 2019.<sup>2</sup>

The ACA has helped curb increases in health insurance costs for individuals and businesses in Maine. It has also helped reduce uncompensated care costs for Maine hospitals. These benefits have been evident across the state, but the ACA has been particularly beneficial for Mainers aged 55-64 and those living in rural areas. Repealing the ACA without a replacement that preserves and builds on existing successes would be a disaster for Maine.

### The ACA Improved Access to Affordable Health Insurance

Health insurance gives families financial security and lessens the fear that they are one health crisis away from bankruptcy. One in three Americans cites cost of health care as the main reason for forgoing medical care.<sup>3</sup> The ACA includes provisions for free preventive care (annual check-ups, cancer screenings, etc.), free contraceptive care, and other procedures that are important to promote well-being and reduce long-term health costs.

The share of Maine's non-elderly adult population without health insurance fell from 14.6 percent to 11.7 percent since the passage of the ACA.<sup>4</sup> Maine's progress would be even greater were it not for restrictions on Medicaid eligibility enacted by Governor LePage's administration, which removed approximately 35,000 Mainers from that health care program.<sup>5</sup> The majority of states (31) have accepted federal funding to increase Medicaid eligibility.

Since 2010, the share of  
Mainers without health  
insurance has dropped by:

38% for 18-24 year olds

9% for 25-34 year olds

11% for 35-54 year olds

31% for 55-64 year olds

Source: MECCEP analysis of U.S. Census Bureau, American Community Survey data, 2010 and 2015 1-year estimates.

Groups that previously had the hardest time obtaining affordable insurance have realized the largest gains from the ACA. This includes young adults (aged 18-24), older adults (aged 55-64), and rural Mainers who are more likely to work part-time, seasonally, or be self-employed. Repealing the ACA puts the health and well-being of these Mainers at risk.

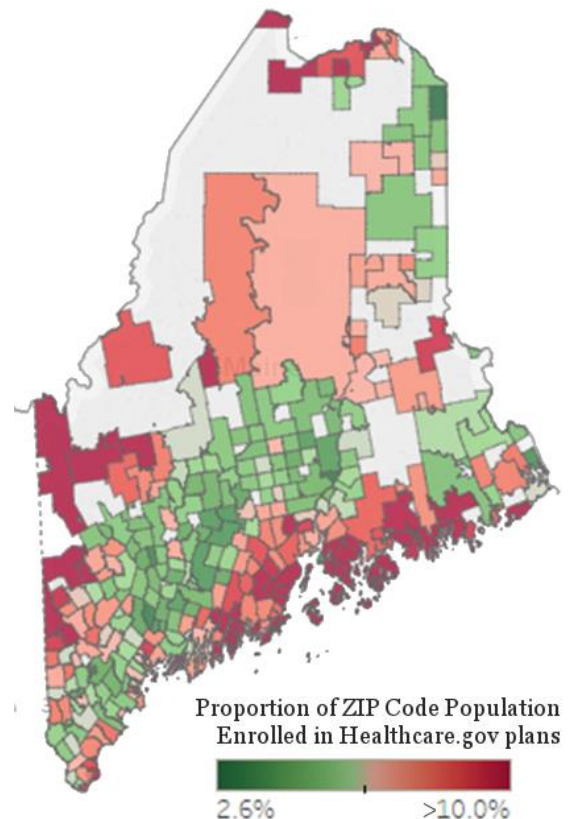
ACA repeal would also endanger children's health insurance because the law increased eligibility for low-income children under the Children's Health Insurance Program (CHIP). Up to 41,000 Maine children could lose coverage if key provisions for CHIP are not renewed and the state reverts to the minimum eligibility requirements for children.<sup>6</sup> Further, of the 95,000 Mainers at risk of losing coverage under ACA repeal, 19,000 are parents.<sup>7</sup>

*Thousands of Maine families would see both parents and children lose health insurance coverage, plunging them into financial distress.*

Key provisions of the ACA resulted in a dramatic improvement in the share of young adults in Maine with health insurance. While young adults are typically less expensive to insure, they are more likely to have lower incomes, work in entry-level positions without benefits, or attend school. The ACA allows young people up to age 26 to remain on their parents' health insurance plans, which is typically lower cost than enrolling in an individual plan. It also requires colleges and universities to obtain proof of health insurance from their students or enroll them in a college plan.

Mainers aged 55-64 also gained important protections from the ACA. This age cohort is typically the most expensive to insure because members are more likely to suffer from chronic health conditions and consume more health care. The ACA prevents insurance companies in the individual health insurance market from excluding patients based on pre-existing conditions or charging them higher premiums because of their health status.<sup>8</sup> It also restricts the ability of health insurance companies to discriminate on the basis of age. The age-related costs for the oldest enrollees can be no more than three times what the youngest members pay. This provision makes health insurance more affordable for older Mainers.<sup>9</sup> The availability of ACA premium subsidies and cost-sharing reductions also enables older Mainers to access affordable health coverage before reaching the age of Medicare eligibility. This gives them greater flexibility to modify their careers, or even retire, because they are less reliant on employer-provided health care. Repealing the ACA would put these improvements at risk and destabilize the individual market just as it has grown to cover more people.

#### Healthcare.Gov has benefited rural Maine the most



Source: MECEP analysis of U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation data, February 2016

## The ACA Made Health Care More Affordable

More than 75,000 Mainers are enrolled in an individual health insurance plan through the Healthcare.gov marketplace. The majority of this group qualifies for both Premium Tax Credits, which help defray much of the cost of coverage, and Cost-Sharing Reductions, which lower people's out-of-pocket costs.<sup>10</sup> Nearly 46,500 Mainers receive cost-sharing reductions in the marketplace amounting to \$53.9 million annually in savings across the state.<sup>11</sup>

Mainers qualify for average monthly Premium Tax Credits of \$342 each, which, along with the Cost-Sharing Reductions and other provisions, bring some \$390 million in federal subsidies annually to the state.<sup>12</sup>

*Repeal of the ACA would mean Maine would lose \$4.7 billion over the next decade.*

This funding helps offset the high cost of health insurance and health care in a rural, aging state like Maine and supports Maine's hospitals and physicians.

One in three marketplace enrollees are over the age of 55; half earn less than 200 percent of the federal poverty level (\$32,000 for a household of two). Without the subsidies provided by the ACA, many of these individuals would not be able to afford health insurance—or would be faced with the choice between paying for expensive monthly insurance premiums or essentials like rent, food, and utilities.

*Repealing the Affordable Care Act would return the U.S. to a system of spiraling health care and health insurance costs, and put Maine businesses at a competitive disadvantage.*

One of the goals of the ACA was to curb rapidly increasing health care costs. The legislation successfully curtailed the rising cost of insurance premiums in U.S. from an average of seven percent from 2001 through 2010 to four percent after the ACA. In Maine, the reduction in group health insurance premium increases has been even more dramatic, declining from an average of eight percent annually pre-ACA to two percent annually. As a result, average health insurance premiums for Maine employer-sponsored policies have gone from being 13 percent above the national average in 2002 to parity in 2015.<sup>13</sup> This cost containment has made health insurance more affordable for Maine businesses that want to provide insurance for their employees and improved the competitiveness of Maine businesses relative to the rest of the nation. Similarly, per-capita health care expenditures have grown at a slower rate since the passage of the ACA, from a four percent annual growth rate pre-ACA to two percent in recent years.<sup>14</sup>

### Mainers in the Healthcare.gov Marketplace:

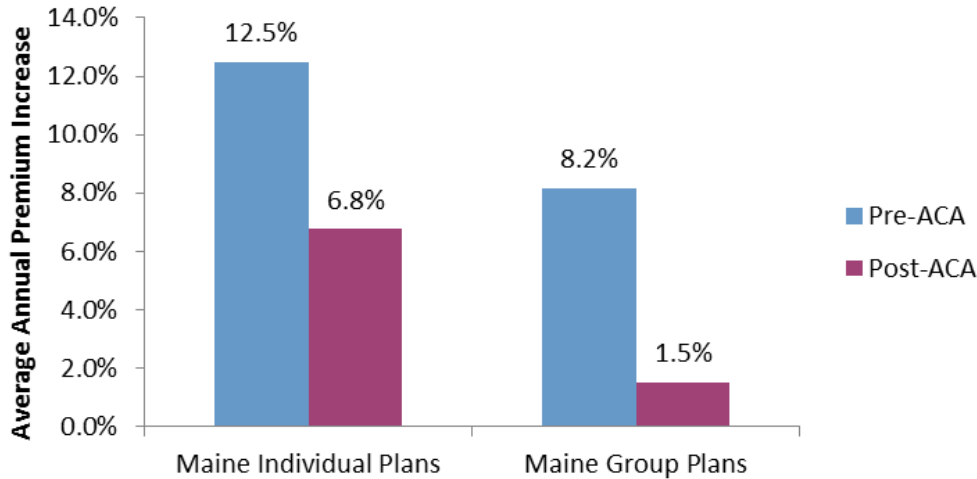
1 in 3 is aged 55-64

Half earn less than 200% of the federal poverty level (\$32,000 for a household of two)

The average monthly premium is \$103, after federal tax credits

*Source: Centers for Medicaid and Medicare Services, Office of Enterprise Data and Analytics*

## The ACA Has Significantly Reduced Annual Insurance Premium Increases For Mainers and Maine Businesses



Sources: MECEP analysis of U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Survey data and Maine Bureau of Insurance data.

Notes: For individual plans, the “pre-ACA” period covers 2003-2010; for group plans the data cover the period 2002-2010, with the exception of the years 2007 and 2008, for which no data were collected. Individual premium increases do not account for the effect of premium tax credits or Cost-sharing reductions, which further reduce the impact on consumers.

## The ACA Provides Vital Resources to Battle the Opioid Epidemic

According to the Maine Attorney General, overdose deaths now exceed one a day on average.<sup>15</sup> While approaches to combatting this epidemic vary, there is broad consensus that medical treatment for addicts is essential. However, lack of insurance is a barrier to treatment. A quarter of a million Mainers are thought to have a mental illness.<sup>16</sup> An estimated 19,000 of these Mainers obtain their health insurance through the federal marketplace,<sup>17</sup> while an unknown number remain uninsured. Mainers with health insurance are twice as likely as the uninsured to seek treatment for mental illness or substance abuse.<sup>18</sup>

*Repeal of the Affordable Care Act would close the door to Maine’s opportunity to expand Medicaid and address the state’s opioid crisis.*

The most effective way to ensure Mainers struggling with substance abuse have access to affordable treatment is to increase Medicaid eligibility for adults, as allowed under the ACA. The lack of insurance among those suffering from addiction also affects hospitals and treatment centers. Three-quarters of those treated for substance abuse in 2014 were either unemployed or not in the labor force, nearly double the proportion of the general population.<sup>19</sup> As a result, 45 percent of treatments for opiate users and 58 percent of treatments for methamphetamine users were for uninsured patients in 2014.<sup>20</sup> Such uncompensated care places a significant financial burden on treatment providers including federally qualified health centers and hospitals. Federal funds under Medicaid expansion would assure providers are getting paid for these services.

## ACA Repeal Would Cause Hospital Debt to Balloon

Repeal of the ACA would be a financial disaster for Maine’s hospitals and health care providers. The loss of health insurance for tens of thousands of Mainers would result in both reduced health care spending *and* an increase in uncompensated care costs for hospitals. The 2016 proposal to repeal the ACA would result in a reduction in health care spending of \$560 million in 2019 in Maine, or \$4.4 billion over the following decade.<sup>21</sup>

Even more dramatically, uncompensated care costs would more than triple following repeal of the ACA, resulting in additional costs of \$475 million for Maine health care providers in 2019. This combination of lower revenues and more uncompensated care would undermine Maine’s health care sector.<sup>22</sup>

*Uncompensated care costs would more than triple following the repeal of the ACA.*

Health care is one of Maine’s largest and fastest-growing employment sectors, and increased financial strains imposed by a repeal of the ACA would cost Maine jobs.

## Repeal of the ACA Means Losing the Opportunity for Medicaid Expansion

Maine is one of 19 states that has not taken the opportunity under the ACA to expand eligibility for its Medicaid program (“MaineCare”) to cover individuals in households earning less than 138 percent of the federal poverty level (\$22,000 a year for someone in a household of two). States that have increased access to Medicaid have realized significant savings to state budgets, lower insurance premiums, and stronger hospital balance sheets, in addition to healthier low-income residents. Medicaid enrollment improves individuals’ life expectancy and use of preventive care services.<sup>23</sup> Medicaid recipients report better health and well-being compared to people without health insurance,<sup>24</sup> and Medicaid coverage helps those with illnesses and disabilities access therapy and treatment that can enable them to re-enter the workforce.<sup>25</sup>

*Repealing the Affordable Care Act’s Medicaid Expansion provision would deny Maine the opportunity afforded 31 other states and the District of Columbia.*

Under current law, Maine still has the ability to increase eligibility for its Medicaid program, and to accept the offer of federal funding, which would amount to \$346 million annually in federal funds to insure 75,000 low-income Mainers.<sup>26</sup> In addition to improved health care access for this population, the state itself would see savings of \$40 million annually from the use of federal funds for state services.<sup>27</sup> The federal funding would also generate additional economic activity, and support or retain 4,500 jobs in health care and related fields.<sup>28</sup>

## The Path Ahead

Maine’s congressional delegation should work with their colleagues and the incoming administration to build on the ACA, rather than rolling back the progress made in the past few years.

Young adults, older Mainers, and Maine’s hospitals are looking to our representatives and senators for leadership. The ACA has provided tens of thousands of Mainers with affordable health care for the first time. Repeal of the ACA would plunge many of these people into poverty, as well as financially burden the state’s

### The Value of the ACA to Maine:

\$390 million in federal insurance subsidies

\$560 million in health care spending

\$475 million in avoided uncompensated care costs

\$346 million in potential Medicaid expansion funding

hospitals, physicians, and clinics. Health care is essential for families to overcome addiction, move into stable employment, and provide a better future for their children.

Mainers succeed when our population is healthy and financially secure. Repeal of the ACA would damage our communities and the economy of our state. Retaining the ability to provide children and low-income Mainers with health insurance coverage, and access to hundreds of millions of dollars in Medicaid funding and federal insurance subsidies is crucial to the future economic health of our state.

The ACA has had many successes in Maine, not only in improving access to insurance, but in slowing the annual growth of insurance costs for all Mainers. Individuals and families across the state will suffer from repeal of the law.

Elected representatives should move Maine and the nation forward, not backwards. The well-being of hundreds of thousands of Mainers and thousands of jobs are at stake.

## Acknowledgements

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### About MECEP

The Maine Center for Economic Policy (MECEP) provides citizens, policy-makers, advocates, and media with credible and rigorous economic analysis that advances economic justice and prosperity for all Maine people. MECEP is an independent, nonpartisan organization founded in 1994.

### About the Author

James Myall is MECEP's policy lead on education, health care, and poverty and is a skilled policy researcher and analyst. He has a master's degree in public policy and management from the University of Southern Maine and a master's degree in ancient history and archaeology from the University of St. Andrews in Scotland.



## End Notes

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- <sup>1</sup> [Impact of the Affordable Care Act in Maine](#), US Department of Health and Human Services, Dec. 13, 2016. Web.
- <sup>2</sup> [95,000 Maine Residents Would Lose Health Coverage in 2019 Under ACA Repeal](#), Center on Budget and Policy Priorities, 2016. Web.
- <sup>3</sup> [Cost Still Delays Healthcare for About One in Three in US](#), Gallup, Nov. 30, 2015. Web.
- <sup>4</sup> US Census Bureau, American Community Survey, 1-year estimates, 2010 and 2015.
- <sup>5</sup> [Ollove, Michael, "Maine Seeks To Cut Medicaid Eligibility"](#), *Kaiser Health News*, Oct 3, 2012. Web.
- <sup>6</sup> [Buettgens, Matthew, et al., "Partial Repeal of the ACA through Reconciliation: Coverage Implications for Parents and Children," Urban Institute, Dec. 2016.](#) Web.
- <sup>7</sup> [Buettgens, Matthew, et al., "Partial Repeal of the ACA through Reconciliation: Coverage Implications for Parents and Children," Urban Institute, Dec. 2016.](#) Web.
- <sup>8</sup> Maine law prior to ACA implementation also prevented insurance companies from denying coverage based on a pre-existing condition.
- <sup>9</sup> Absent the ACA, Maine law would allow for a five to one ratio between what insurance companies could charge based on age meaning that older Mainers would likely pay more.
- <sup>10</sup> [2016 Qualified Health Plan Selections by County and Various Demographic Characteristics, as of 2/1/2016](#), US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation. Web.
- <sup>11</sup> [2016 Qualified Health Plan Selections by County and Various Demographic Characteristics, as of 2/1/2016](#), US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation. Web.
- <sup>12</sup> [95,000 Maine Residents Would Lose Health Coverage in 2019 Under ACA Repeal](#), Center on Budget and Policy Priorities, 2016. Web.
- <sup>13</sup> US Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Survey 2001-15.
- <sup>14</sup> US Department of Health and Human Services, Centers for Medicaid and Medicare Services, National Health Expenditure Data 2001-15.
- <sup>15</sup> [Lawlor, Joe, "Drug Overdose Deaths in Maine Now Averaging 1 a Day"](#), *Portland Press Herald*, Nov. 11, 2016. Web.
- <sup>16</sup> [Dey, Judith, et al., "Benefits of Medicaid Expansion for Behavioral Health," US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, Mar. 28, 2016.](#) Web.
- <sup>17</sup> [Frank, Richard and Sherry Glied, "Keep Obamacare to Keep Progress on Treating Opioid Disorders and Mental Illnesses," The Hill, Jan. 11, 2017.](#) Web. Data available at [Harvard Medical School, Department of Health Care Policy](#).
- <sup>18</sup> [Dey, Judith, et al., "Benefits of Medicaid Expansion for Behavioral Health," US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, Mar. 28, 2016.](#) Web.
- <sup>19</sup> [US Department of Health and Human Services, Substance Abuse and Mental Health Agency, 2014 Treatment Episode Data Set.](#)
- <sup>20</sup> [US Department of Health and Human Services, Substance Abuse and Mental Health Agency, 2014 Treatment Episode Data Set.](#)
- <sup>21</sup> [Buettgens, Matthew, et al., "Partial Repeal of the ACA through Reconciliation: Coverage Implications for Parents and Children," Urban Institute, Dec. 2016.](#) Web.
- <sup>22</sup> [Buettgens, Matthew, et al., "Partial Repeal of the ACA through Reconciliation: Coverage Implications for Parents and Children," Urban Institute, Dec. 2016.](#) Web.
- <sup>23</sup> [Baickler, Katherine and Amy Finkelstein, "The Effects of Medicaid Coverage – Learning from the Oregon Experiment," New England Journal of Medicine, Aug. 25, 2011.](#) Web.
- <sup>24</sup> [Sommers, Benjamin, et al., "Changes in Utilization and Health Among Low-Income Adults After Medicaid Expansion or Expanded Private Insurance," Journal of the American Medical Association: Internal Medicine, Oct. 2015.](#) Web.
- <sup>25</sup> [Hall, Jean, et al., "Effect of Medicaid Expansion on Workforce Participation for People With Disabilities," American Journal of Public Health, Oct. 20, 2016.](#) Web.
- <sup>26</sup> ["MaineCare Expansion is Still a Great Deal," Maine Center for Economic Policy, Feb. 24, 2016.](#) Web.
- <sup>27</sup> [Bachrach, Deborah, et al., "Estimated State Budget Impact of a MaineCare Expansion in 2016," Manatt Health Solutions, Apr. 2015.](#) Web.
- <sup>28</sup> ["Unprecedented Opportunity: Federal Health Care Funds Will Deliver 4,400 Jobs and \\$500,000,000 in Annual Economic Activity to Maine by 2016," Maine Center for Economic Policy, Jan. 14, 2014.](#) Web.