



## THE AFFORDABLE CARE ACT POST 2016: WHAT'S AT STAKE FOR WASHINGTON STATE?

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The Affordable Care Act (ACA) has been transformative for Washington state and its residents. The ACA's broad ranging effects have benefitted Washington's residents, health industry and the state on many levels.

Under the current plan in Congress, the revenue that supports all of the coverage expansions, Medicare pharmacy benefits and guarantees of prevention, pharmacy and obstetric coverage for all people in the country will be terminated a year or two from now unless there is a replacement. Once that vote is taken and the reconciliation bill is signed without concurrent replacement, continuation of coverage anywhere near current levels will require new taxes or cuts to other programs.

### ***The Future – What's at Stake if the ACA is repealed?***

As Congress and the new federal administration contemplates plans to repeal the ACA, the impact of repealing the law without a clear, viable replacement will have significant consequences for our state, including:

- Our uninsured rate will rise back from 5.8 percent to its projected (without reform) 2015 level of 13.5 percent.
- The more than 600,000 lower-income mostly working Washingtonians who gained coverage through Medicaid expansion would lose coverage.
- The state and the people covered stand to lose \$3.0 billion in FY18 and \$3.2 billion in FY19 including loss of tax credit subsidies and loss of funding for the Medicaid expansion population.
- The state will need to pay out about \$330 million per biennium to return previous programs that were supplanted by the ACA.
- If the mandate is repealed, the state is at risk of experiencing a "death spiral" in the individual market as it did in the mid-1990s.<sup>1</sup>
- More than 51,000 people are at risk of losing their jobs.

### ***How Washington benefited from the ACA...***

#### ***More people covered***

- The total uninsured rate declined by nearly 60 percent (14.0 percent to 5.8 percent) between 2013 and 2015 with adults age 18-64 experiencing the largest decline.
- In more than half of the legislative districts in Washington, over 15 percent of adults 19 to 64 gained coverage under the Medicaid expansion. As of October 2016, 601,802 adults were enrolled under the Medicaid expansion. Currently 190,000 have enrolled this year in QHP coverage through the Health Plan Finder.

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<sup>1</sup> <http://www.seattletimes.com/seattle-news/why-washington-states-health-reform-faltered-after-loss-of-mandates/>

- The number of adults delaying care due to costs dropped from 15.5 percent in 2013 to 11.1 percent in 2015.
- Since January 2014, more than 20,000 adults have been treated for cancer while enrolled under the Medicaid expansion.
- In calendar year 2015, almost 30,000 new adult Medicaid enrollees received substance use disorder treatment services

#### *More help affording coverage*

- Seventy percent of Qualified Health Plan (QHP) enrollees receive federal advance premium tax credits. These tax credits also protect enrollees from premium increases.
- In 2016, on average 115,265 people per month received tax credits totaling over \$300 million (dollars are as of November 2016).
- In 2016, on average 69,577 people per month received cost-sharing reductions totaling over \$64 million (dollars are as of November 2016) due to deductible and other out of pocket costs exceeding their capacity to pay.

#### *For the Health Industry*

- Washington state experienced a stabilization of its individual market.
- Washington experienced steady growth in insurers, plans and products in the Exchange between 2014 and 2016.
- The Exchange has increased competition with nine insurers offering 98 QHPs in 2017 (up from 8 insurers and 46 plans in 2014). Ninety-five percent of counties have two or more insurers.
- Overall in the state, average annual premium increases have dropped since the ACA passed and became law from an average of over 18.0 percent for 2008-10 to approximately 6.5 percent for 2015-17.
- Uncompensated care in hospitals as a percent of total revenue dropped approximately 50 percent between 2013 and 2014.

#### *For the State*

- In 2015, an estimated 51,196 jobs were saved or created as a result of the ACA Medicaid expansion in Washington.<sup>2</sup>
- The state budget will have benefited by nearly \$1 billion by June 2017 through refinancing health programs that were previously all or partially funded by the State-General Fund (Basic Health, Medical Care Services, Presumptive SSI, state only behavioral health programs, Medically Needy, etc.); and through premium taxes from managed care organizations serving the expansion adult population.

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<sup>2</sup> [http://www.ofm.wa.gov/economy/ACA/ACA\\_impact.pdf](http://www.ofm.wa.gov/economy/ACA/ACA_impact.pdf).