

## Iowa Should be Wary of AHCA

By Kirk Norris

The American Health Care Act (AHCA), the bill recently passed by the US House, is a storm rolling in from Washington, DC. Obscured by foggy notions of improved fiscal flexibility for states and broader insurance choices for individuals, the AHCA will in fact hamstring state budgets and wipe out coverage in ways that endanger the health of thousands of Iowans and the financial viability of the 118 community hospitals they count on.

AHCA would effectively end the Affordable Care Act's (ACA) Medicaid expansion and radically restructure the entire Medicaid program through a per capita cap. It would replace the ACA's premium tax credit and cost-sharing protections with tax credits that would make coverage unaffordable for millions of Americans looking to purchase coverage in the individual market. Taken together, these and other provisions would increase the number of uninsured Americans by 23 million by 2026, according to the Congressional Budget Office (CBO).

Because of AHCA's \$834 billion in Medicaid cuts, Iowa will bear much more Medicaid cost (an additional \$340 million annually), forcing the state to cut Medicaid – or else raise taxes or make cuts to other programs. The 150,000 Iowans who now benefit from Medicaid expansion will cycle off the program, even though they will likely need coverage again if they lose a job or an employer cuts their hours.

Scrambling to balance its budget with far fewer federal dollars, the state will also likely tighten Medicaid eligibility requirements and reduce benefits and provider payments. Meanwhile, the state will have to fully cover any future unexpected Medicaid costs without federal help, ending a 50-year partnership between state and federal government that has responded to unexpected health crises, including hurricanes and floods as well as economic downturns. Again, tightening eligibility and cutting payments are likely responses.

At the same time, some 50,000 Iowans currently in the Affordable Care Act "marketplace" will face additional, sharp increases in what they must pay to get coverage for deductibles and out-of-pocket costs, as ACA tax credits are replaced with less-generous ones and cost-sharing subsidies are repealed without any substitute. Additionally, with insurers permitted to charge older Iowans as much as five times what they charge younger individuals — instead of three times or more under ACA — older and sicker Iowans will see their premiums soar.

The insurance markets will continue to destabilize, leading the state to seek a federal waiver (which will be immediately granted) allowing insurers to charge people with preexisting conditions more. With that waiver in place, Iowans signing up for coverage in the AHCA marketplace will be asked for their medical history, leading them to pay either higher premiums or to buy coverage through under-funded high-risk pools. Even employer-based insurance could be impacted as ACA coverage protections are eliminated.

The bottom line is that some 200,000 Iowans lose their health care coverage under AHCA, but not their need for health care services. Instead of a personal physician, they will seek care in hospital emergency rooms – the most expensive place to receive health care – and hospital charity care levels will spike, which will ultimately undermine hospitals' financial stability and ripple across to privately insured Iowans.

The AHCA steps backwards from what has been achieved since the ACA was enacted and Iowa Medicaid was expanded. And all of it is verified by last week's CBO report.

Despite the claims of proponents, AHCA does not offer real flexibility for states but instead would force them into a fiscal corner with only one way out: severely cut and/or restrict health care coverage, particularly within the Medicaid program, in ways that will ultimately make Iowans less healthy and their hospitals less viable.

*Kirk Norris is President and CEO of the Iowa Hospital Association.*