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## The Benefits of Health Care Reform in Utah

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In March 2010, Congress passed and President Obama signed into law historic health care reform legislation, the Affordable Care Act. Millions of Americans are already benefitting from this law: insurers are no longer allowed to discriminate against children and others who are sick; small businesses are receiving billions of dollars in tax credits to provide health care coverage for their employees; and seniors are saving money on prescription drugs and receiving free preventive care through Medicare.

Republicans in Congress have passed legislation to repeal the new law. Utah Governor Herbert has supported efforts to overturn the law, stating that “every Utahn should be concerned about the impact of this legislation.” This analysis examines the benefits of the new law for Utah and its residents. It finds:

- Utah and its residents have already received almost **\$50 million** in benefits under the new law and will receive **\$6.1 billion** in benefits over the next ten years.
- **1.8 million** Utah residents are already receiving protection from the consumer protections in the law, which prohibit annual and lifetime coverage limits, ban insurance rescissions, and provide safeguards against unreasonable rate increases.
- Insurance companies operating in Utah can no longer discriminate against **45,000 to 207,000** Utah children with pre-existing conditions and will be banned from discriminating against **416,000 to 1.1 million** Utah residents with pre-existing conditions.
- Over **20,000** Utah seniors have already received **\$5.2 million** to help reduce prescription drug costs, and almost 270,000 seniors in Utah will receive drug, preventive care, and other Medicare savings worth **\$930 million** over the next ten years.
- **11,700** young adults age 26 and under have already obtained health insurance coverage under their parents’ insurance plan.
- Up to **62,000** small businesses in Utah have already earned as much as **\$22 million** in health care tax credits and will receive **\$410 million** in tax credits over the next ten years.
- Over **570,000** Utah households will receive **\$4.8 billion** in tax credits and other federal assistance to help pay for health care over the next ten years.
- Health coverage will be extended to **216,000** uninsured Utah residents starting in 2014.
- Health care providers in Utah will save **\$1.6 billion** in uncompensated care and community health centers in Utah will receive **\$59 million** in new funding over the next ten years.

### Protections Against Insurance Company Abuses

**Prohibition on discrimination on the basis of pre-existing conditions.** Under the health reform law, insurance companies can no longer deny coverage to children with pre-existing conditions and will be banned from discriminating against adults with pre-existing conditions in 2014. There are 416,000 to 1.1 million residents of Utah with pre-existing conditions like diabetes, heart disease, or cancer, including 45,000 to 207,000 children. Repeal would allow insurance companies to refuse to insure these individuals if they seek coverage in the individual or small-group markets. The consequences would be particularly acute for the 70,000 to 196,000 individuals with pre-existing conditions who currently lack insurance coverage and who would be unable to purchase individual policies if the law is repealed.

**Prohibition on annual and lifetime coverage limits.** The health reform law prohibits insurance companies from imposing annual and lifetime limits on health insurance coverage. This provision protects the rights of everyone who receives coverage from their employer or through the market for private insurance. If this protection is repealed, insurers would be able to impose coverage limits on 1.8 million individuals in Utah with employer or private coverage.

**Prohibition on rescissions.** The health reform law prohibits insurers from rescinding coverage for individuals who become ill. Repeal would allow insurance companies to resume the practice of rescinding coverage for the 169,000 state residents who purchase individual health insurance.

### **Benefits for Individuals and Families**

**Tax credits for health insurance.** Starting in 2014, the health reform law gives middle class families with incomes up to \$88,000 for a family of four tax credits to help pay for health insurance. There are 570,000 households in Utah that could qualify for these credits if they purchase their own health insurance or, in the case of households with incomes below 133% of poverty, receive coverage through Medicaid. These families will receive \$4.8 billion in tax credits and other federal health care assistance over the next decade.

**Health insurance for young adults.** The health reform law allows young adults to remain on their parents' insurance policies up to age 26. In Utah, 11,700 young adults have used this option to retain coverage through their parents' health insurance plan.

**Reducing the number of uninsured.** When fully implemented in 2014, the health reform law will extend coverage to virtually all Americans. In Utah, 216,000 residents who currently do not have health insurance are likely to receive coverage under the new law.

**Free preventative care.** The health reform law promotes wellness by requiring insurance companies to offer free preventive care as part of any new or revised policies they issue after September 23, 2010. Repeal would allow insurance companies to charge for these essential benefits, which would increase out-of-pocket costs for 385,000 Utah residents.

### **Benefits for Seniors**

**Reducing drug costs for seniors.** In 2010, the health reform law provided a \$250 rebate to Medicare beneficiaries who entered the Medicare Part D "donut hole" and lost coverage for their drug expenses. Over 20,000 Utah seniors benefited from this provision, receiving \$5.2 million in rebates. In 2011, seniors who hit the drug donut hole will receive 50% discounts on brand name drugs, and in subsequent years, this discount will increase until the donut hole is finally eliminated. A typical beneficiary who enters the donut hole will see savings of over \$550 in 2011 and over \$1,700 by 2020. Over the next decade, seniors in Utah who hit the donut hole will save a total of \$290 million on drug costs.

**New preventative care benefits for seniors.** The health reform law improves Medicare by providing free preventative and wellness care, starting in January 2011. The law also strengthens the Medicare trust fund, extending its solvency from 2017 to 2029, improves primary and coordinated care, and enhances nursing home care. There are 266,000 Medicare beneficiaries in Utah who are already benefitting from the provisions that provide for free preventative care. Over the next decade, these Medicare improvements will save Utah seniors \$640 million.

## **Benefits for Small and Large Businesses and Health Care Providers**

**Tax credits for small businesses.** The health reform law provides tax credits to small businesses worth up to 35% of the cost of providing health insurance. There are up to 62,000 small businesses in Utah that are eligible for this tax credit. These businesses have already earned as much \$22 million in tax credits and will receive \$350 million in tax credits over the next decade.

**Employer assistance with retiree insurance costs.** The health reform law provides funding to encourage employers to continue to provide health insurance for their retirees. There are 30 employers in Utah who are participating in this Early Retiree Reinsurance Program.

**Reducing the cost of uncompensated care.** The health reform law benefits hospitals and health care providers by covering more Americans and thereby reducing the cost of providing care to the uninsured. Over the next decade, the Affordable Care Act will reduce the cost of uncompensated care for Utah's health care providers by \$1.6 billion.

**Assistance for community health centers.** There are 45 community health centers in Utah that provide health care to the poor and medically underserved. Nationwide, the new law provides \$11 billion in new funding for these centers. If the community health centers in Utah receive the average level of support, the 197 centers will receive \$50 million in new assistance.

## **Grants for Utah and Health Care Providers**

The Affordable Care Act provides billions of dollars in new grant programs for states and health care providers to improve the health insurance market, reduce costs, and improve quality of care. Utah and its health care providers have already received over \$20 million in grants under the new law. This includes \$1 million to detect, prevent, and roll back unreasonable insurance premium increases; \$1 million to plan for a new health insurance exchange that reduces costs and ends insurance industry abuses; \$12.7 million to support groundbreaking biomedical research and reduce long-term growth of health care costs, \$1.6 million for home visiting programs, and \$3.6 million for health centers..

## **Benefits for Utah Taxpayers**

The health reform law reduces the nation's debt by eliminating waste, fraud, and abuse in the health care system, reducing the growth of health care costs, and preventing excessive profit-taking by private insurers. According to the Congressional Budget Office, the bill will reduce the deficit by over \$200 billion over the next ten years and by over a trillion dollars in the decade after that. Repeal would eliminate these cost-cutting measures, adding more than \$3,000 to the national debt for each American, including the 2.9 million residents of Utah.

*This analysis is based upon the following sources: the U.S. Census (data on insurance rates, small businesses, and young adult population); the Centers for Medicare and Medicaid Services (data on Medicare and Part D enrollment and Medicare savings per enrollee); the Department of Health and Human Services (uncompensated care, pre-existing conditions, and Affordable Care Act grants); the Health Resources and Services Administration (data on community health centers); and the Congressional Budget Office (estimates of the percentage of citizens with health insurance coverage under health care reform legislation). Estimates of the total value of tax credits for families are extrapolated from statewide information on the percentage of families with incomes below 400% of the federal poverty level, the percentage of uninsured residents, and the estimated average tax credits received by middle-income families under the legislation. This estimate takes into account new federal assistance through Medicaid for individuals and families with incomes below 133% of the federal poverty level.*