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The American Health Care Act Will Harm Older Americans in Montana

The American Health Care Act (AHCA) will charge older Americans more for their health insurance, cut funding for Medicare, and end Medicaid as we know it. It will result in higher premiums and less security for the 28,000 people age 50 to 64 purchasing coverage in the nongroup or individual market¹ and the 18 percent of people in Montana age 65 and older.²

The AHCA Will Charge Older Americans More for Health Coverage. The American Health Care Act will allow insurance companies to charge older Americans five times more than younger adults for individual market coverage. This “age tax” by itself would raise premiums in Montana by \$2,712 annually for a 60-year old.³

On top of that, the bill slashes the financial assistance available to older Americans to help with the purchase of insurance coverage. Approximately 10,000 individuals between age of 50 and 64 living in Montana currently receive tax credits to help with the purchase of insurance. This is 49 percent of all individuals age 50 to 64 who purchased coverage in the Marketplace in Montana.⁴

Under the Republican proposal, a 60-year-old earning \$40,000 annually will receive a tax credit of no more than \$4,000 to purchase private health insurance. Based on the average premium in Montana, that is \$5,986 less in tax credits than they would receive currently to help with the cost of coverage.⁵ Older Americans get hit twice: higher premiums and less help paying them.

By 2026, the average premium in the nongroup or individual market for someone age 64 will be 20 to 25 percent higher than it would be under current law.⁶

The AHCA Could Lead to Medicare Benefit Cuts or Vouchers. In Montana, 201,359 individuals receive health coverage through Medicare.⁷ The Republican bill cuts over \$100 billion in funding for Medicare, which will make Medicare insolvent up to 3 years sooner than expected.⁸ This creates an opportunity for Republicans to come back with policies to increase costs or reduce benefits for seniors.

The AHCA Will End Medicaid as We Know It. The American Health Care Act decreases Medicaid spending by \$880 billion by ending the Medicaid expansion and capping most Medicaid spending. It also makes it harder for older Americans to qualify for Medicaid through a number of rule changes. By 2026, Medicaid spending would be about 25 percent less than what is currently projected.⁹

Approximately 17,000 people age 50 to 64¹⁰ and 14,000 seniors in Montana benefit from Medicaid.¹¹ It provides basic health coverage and enables individuals to get the care they need to live at home, including help with activities of daily living, like getting dressed and bathing. It also provides nursing home care for those who need it and helps many over age 65 cover the cost of Medicare premiums.

The AHCA is a Bad Deal for Older Americans. Due to its individual market and Medicaid policies, the AHCA will reverse the near 50 percent reduction in the number of uninsured individuals age 50 to 64 achieved between December 2013 and March 2015.¹² It also dismantles Medicaid and sets the stage for cuts to Medicare benefits and increases in Medicare premiums.

- ❖ **AHCA allows insurance companies to levy an age tax on older Americans as it cuts the amount of tax credits available to help purchase coverage.**
- ❖ **AHCA reduces Medicare funding, leaving the door open for future benefit cuts or vouchers.**
- ❖ **In addition to ending the Medicaid expansion, AHCA ends Medicaid as we know it, reducing health security for vulnerable older Americans.**
- ❖ **AHCA gives special interests like insurance and drug companies and wealthy people as much as a \$600 billion giveaway.¹³**

¹ Estimates from the U.S. Census Bureau, [Current Population Survey](#)

² Kaiser Family Foundation, [Population Distribution by Age](#), 2015

³ The estimates for this comes from 3 public sources: 2017 average second lowest cost premium by state, adjusted for age, comes from the U.S. Department of Health and Human Services ASPE [Marketplace Landscape Brief](#) and for the 7 states the ASPE report misses, we use [Kaiser Family Foundation](#) Premiums for largest markets in those states, adjusted for age, October 2016. To estimate the increase in premiums, take the average premium for the state and apply the [Milliman estimates](#) for the increase in premiums for a 60 year old.

⁴ AARP, [Adequate Premium Tax Credits Are Vital To Maintain Access to Affordable Health Coverage for Older Adults](#), March 2017

⁵ Analysis from the Center on Budget and Policy Priorities.

⁶ The Congressional Budget Office, [Cost Estimates for the American Health Care Act](#), March 2017

⁷ Kaiser Family Foundation, State Health Facts, [Medicare Beneficiaries](#), 2015

⁸ [Letter from Acting CMS Administrator Andy Slavitt](#) to the Senate Finance Committee Ranking Member Ron Wyden, January 2017

⁹ The Congressional Budget Office, [Cost Estimates for the American Health Care Act](#), March 2017

¹⁰ The U.S. Census Bureau, [Current Population Survey](#)

¹¹ The Center on Budget and Policy Priorities, [Medicaid Works, State-by-State Data](#). For information not online, data provided by the Center on Budget and Policy Priorities.

¹² AARP, [Who Gained Affordable Care Act Coverage With Financial Help](#), January 2017

¹³ The Joint Committee on Taxation, [Estimated Revenue Effects Of Budget Reconciliation Legislative Recommendations Relating To Repeal And Replace Of Certain Health-Related Tax Policy Provisions](#) Contained In The “Affordable Care Act (‘ACA’),” Scheduled For Markup By The Committee On Ways And Means On March 8, 2017