



## Children's Defense Fund

# Congress Must Not Repeal the Affordable Care Act without a Replacement That Protects Children and Families

January 4, 2017

Republican congressional leaders have stated their intent to move quickly in early January to repeal as much of the Affordable Care Act (ACA) as they can without enacting a full replacement plan immediately. This action would result in loss of coverage for millions who gained affordable health coverage through the ACA and would destabilize the entire individual health care market.

## Repealing the ACA without replacing it would:

**Result in nearly 30 million people, including 4 million children, losing health coverage by 2019.**

The Congressional Budget Office (CBO) estimates that in the absence of a replacement for the ACA, 22 million people will lose their health coverage by 2019. Additionally, by allowing healthy people to opt out of coverage, which the ACA does not do, the remaining insured would be sicker and more expensive to cover, with correspondingly higher premiums. The resulting near-market collapse would cause an additional 7.3 million more people to lose coverage, for a total of nearly 30 million people, including 4 million children.<sup>i</sup> Recent research by the Urban Institute found that repealing in the ACA without a full replacement would leave more people uninsured than before the ACA was passed.

**Provide the wealthiest Americans their biggest tax cut of 2017.**

Repealing the ACA's tax provisions would result in nearly \$600 billion in tax cuts and tax breaks over 10 years for the wealthiest Americans and corporations. This would include \$345.8 billion in tax cuts limited to people with incomes above \$200,000 and \$247.4 billion for insurance companies, drug manufacturers, and other health care corporations.<sup>ii</sup> A repeal-only bill literally takes from the poor to give to the rich, giving money intended to fund health care for low and middle income working families to the wealthiest individuals and corporations through tax cuts. At the same time, repealing the ACA's tax provisions would significantly *raise* taxes on about 7 million low- and moderate-income families due to the loss of their tax credits to buy health coverage through the marketplace, on average a loss of \$5,740 for these households in 2025.<sup>iii</sup> More than half of the net tax cut (53%) would go to millionaires. Multimillionaires would do even better with tax cuts averaging \$260,630 each in 2025.

## **Eliminate the main viable source of funding for “replacement” legislation.**

Repealing the ACA’s progressive tax increases, which budget analysts put at around \$1 trillion, will make it exponentially harder to finance any replacement legislation unless these revenues are preserved in a special fund. Otherwise, any ACA replacement package must be paid for with new revenues or dollars taken from other programs. This latter option poses a major threat for Medicaid, Medicare, the Supplemental Nutrition Assistance Program and non-defense discretionary spending for low- and moderate-income people, such as Head Start, child care subsidies, educational services for disadvantaged children and housing assistance.

## **Immediately impact the health insurance market.**

Even if implementation of an ACA repeal were delayed for several years, repeal and delay would quickly cause chaos throughout the health insurance market. Without long-term certainty about ACA subsidies, which currently help more than 10 million Americans purchase affordable coverage through the marketplace, many health insurers are likely to stop selling coverage as soon as they can. Hospitals would face enormous financial losses posing an unprecedented public health crisis.<sup>iv</sup> Uninsured people will still have health care needs, and are expected to incur \$1.1 trillion in uncompensated care between 2019 and 2028, costs that will be shifted to states, local communities and health care providers.

## **Be unpopular with the vast majority of Americans.**

The vast majority of Americans are not in favor of repealing the ACA. Only 26 percent support repealing it and 42 percent of those want Congressional Republicans to wait until they have a replacement plan before they repeal the ACA.<sup>v</sup>

**Congress must not act to repeal the Affordable Care Act without simultaneously enacting a full replacement package with better, more affordable care, coverage and consumer protections that ensures no child or family loses ground. Millions of lives depend on it.**

---

<sup>i</sup> Blumberg, Linda J., Matthew Buettgens, and John Holahan, “Implications of Partial Repeal of the ACA through Reconciliation.” Urban Institute, December 2016. <http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliation>

<sup>ii</sup> Families USA, “Repeal of the Affordable Care Act = A Huge Tax Cut for the Wealthy.” December 15, 2016.

<sup>iii</sup> Tax Policy Center, “T16-0169 - Repeal 3.8 Percent Surtax on Net Investment Income by Expanded Cash Income Percentile, 2016.” August 16, 2016. <http://www.taxpolicycenter.org/model-estimates/individual-income-tax-expenditures-july-2016/t16-0169-repeal-38-percent-surtax-net>

<sup>iv</sup> “Estimating the Impact of Repealing the Affordable Care Act on Hospitals” prepared by Dobson DaVanzo for The Federation of American Hospitals and The American Hospital Association.” December 6, 2016.

[http://fah.org/upload/documents/Estimating\\_the\\_Impact\\_of\\_Repealing\\_the\\_Affordable\\_Care\\_Act\\_on\\_Hospitals.pdf](http://fah.org/upload/documents/Estimating_the_Impact_of_Repealing_the_Affordable_Care_Act_on_Hospitals.pdf)

<sup>v</sup> Kirzinger, Ashley, Elise Sugarman, and Mollyann Brodie, “Kaiser Health Tracking Poll: November 2016.” Kaiser Family Foundation, December 1 2016. <http://kff.org/health-reform/poll-finding/kaiser-health-tracking-poll-november-2016/>