

Fact Sheet

Graham-Cassidy Legislation Threatens Affordable Coverage for Older Americans

Lina Walker, Jane Sung, Claire Noel-Miller, and Olivia Dean
AARP Public Policy Institute

The Graham-Cassidy (GC) bill, as proposed on September 13, 2017, threatens to make health care unaffordable and inaccessible for millions of older Americans. The bill eliminates two sources of financial assistance—premium tax credits and cost-sharing reductions—critical to ensuring that low- to moderate-income older adults are able to afford the coverage they need. For a 60-year-old earning \$25,000 a year, premiums and out-of-pocket costs could increase by as much as **\$16,174** a year if they wanted to keep their current coverage.¹ The bill may also allow states to charge older adults age 50–64 significantly higher premiums than under current law on the basis of their age by waiving federal protections that limit the practice known as age rating.

Premiums and Out-of-pocket Costs Could Increase Significantly

The bill repeals premium tax credits, subsidies for out-of-pocket costs (known as cost-sharing reductions) and enhanced federal funding for expansion of Medicaid under the Affordable Care Act (ACA). The bill instead redirects these funds and creates a new market-based state block grant that provides states with significantly less funding than is projected for these programs in coming years—until funding is completely eliminated after 2026.²

Under the bill, states are not required to use block grant funds to provide assistance to consumers to reduce their premiums and out-of-pocket costs. States could choose to use the block grants in other ways, such as to create high risk pools, which have proven to be problematic in the past.³ This means that low- and moderate-income people seeking coverage in the individual market could see their premiums and out-of-pocket costs skyrocket if their state decides not to fund premium assistance or cost-sharing reductions.

Millions of Lower-Income Older Adults Would Have to Pay More

Higher Premiums

Under current law, premium tax credits help make monthly health insurance premiums more affordable for lower- and moderate-income individuals. About 6 million 50- to 64-year-olds purchase coverage in the individual market, half of whom (3 million) receive tax credits.⁴

Premium tax credits are available to individuals with incomes between 100⁵ and 400 percent of the federal poverty level (FPL) who do not have access to affordable employer or government



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health coverage. To ensure that premiums are affordable, the size of the tax credit is determined based on the individual’s income and the cost of a benchmark health insurance plan⁶ offered in each state’s Marketplace.

Under the Graham-Cassidy bill, older adults could face potentially enormous premium increases. Under current law, a 60-year-old earning \$25,000 a year

would pay an average of \$1,608 per year in health insurance premiums in 2020. Under the proposed legislation, he/she could see their **premiums increase by as much as \$10,572** in 2020 at the national level—amounting to a total \$12,180—due to the elimination of tax credits. In Alaska, a 60-year old earning \$25,000 buying insurance in the Marketplace could see their premiums increase as much as **\$26,986**.

TABLE 1
Maximum Increase in Premiums for 60-year-olds with Income of \$25,000 Under Graham-Cassidy (G-C) in 2020

State	Current Law Premiums (after ACA Tax Credits)	G-C Premiums* (with no Tax Credits)	Maximum Increase in Premiums
Alabama	\$1,608	\$13,723	\$12,115
Alaska	\$1,140	\$28,126	\$26,986
Arizona	\$1,608	\$18,365	\$16,757
Arkansas	\$1,608	\$9,064	\$7,457
California	\$1,608	\$12,685	\$11,078
Colorado	\$1,608	\$12,518	\$10,910
Connecticut	\$1,608	\$12,783	\$11,175
Delaware	\$1,608	\$12,720	\$11,113
Distr. of Columbia	\$1,608	\$9,070	\$7,463
Florida	\$1,608	\$11,668	\$10,060
Georgia	\$1,608	\$12,178	\$10,571
Hawaii	\$1,308	\$10,410	\$9,102
Idaho	\$1,608	\$10,792	\$9,185
Illinois	\$1,608	\$13,385	\$11,777
Indiana	\$1,608	\$8,493	\$6,886
Iowa	\$1,608	\$12,827	\$11,219
Kansas	\$1,608	\$11,262	\$9,654
Kentucky	\$1,608	\$9,502	\$7,895
Louisiana	\$1,608	\$13,089	\$11,481
Maine	\$1,608	\$12,011	\$10,404
Maryland	\$1,608	\$9,471	\$7,864
Massachusetts	\$1,608	\$6,103	\$4,495
Michigan	\$1,608	\$9,780	\$8,173
Minnesota**	\$1,608	\$13,993	\$12,386
Mississippi	\$1,608	\$9,651	\$8,044
Missouri	\$1,608	\$13,258	\$11,651
Montana	\$1,608	\$14,241	\$12,633
Nebraska	\$1,608	\$17,519	\$15,912
Nevada	\$1,608	\$12,625	\$11,018
New Hampshire	\$1,608	\$8,020	\$6,413
New Jersey	\$1,608	\$10,513	\$8,906
New Mexico	\$1,608	\$9,075	\$7,467
New York**	\$1,608	\$6,373	\$4,766
North Carolina	\$1,608	\$16,654	\$15,046
North Dakota	\$1,608	\$10,809	\$9,202
Ohio	\$1,608	\$9,693	\$8,085
Oklahoma	\$1,608	\$16,124	\$14,517
Oregon	\$1,608	\$12,033	\$10,426
Pennsylvania	\$1,608	\$11,410	\$9,802
Rhode Island	\$1,608	\$7,840	\$6,233
South Carolina	\$1,608	\$11,727	\$10,119
South Dakota	\$1,608	\$13,786	\$12,179
Tennessee	\$1,608	\$15,735	\$14,127
Texas	\$1,608	\$12,284	\$10,676
Utah	\$1,608	\$10,367	\$8,760
Vermont	\$1,608	\$6,950	\$5,343
Virginia	\$1,608	\$9,992	\$8,384
Washington	\$1,608	\$7,281	\$5,673
West Virginia	\$1,608	\$14,218	\$12,610
Wisconsin	\$1,608	\$11,228	\$9,621
Wyoming	\$1,608	\$15,231	\$13,623
NATIONAL	\$1,608	\$12,180	\$10,572

* States are not required to use the market-based state block grants to reduce premiums.

** For Minnesota and New York, estimates reflect premium increase for a 60-year-old with income just over \$25,000.

For incomes below that level, Minnesota and New York provide coverage through the Basic Health Plan, which would be eliminated under the bill.

Calculations by AARP Public Policy Institute.

Based on Kaiser Family Foundation projections of 2020 ACA premiums for 60 year-olds, accessible at: <http://kaiserfam/2vXpwwE>. State-specific premiums are the average across all counties in the state. The national premium is the average across all counties. For person to keep their current coverage.

Higher Out-of-Pocket Costs

Current law provides cost-sharing reductions for people with incomes between 100 percent and 250 percent of the FPL to help them afford care by reducing their out-of-pocket costs such as deductibles, coinsurance, and copayments. The majority (58 percent) of adults enrolled in Marketplace coverage receive help with out-of-

pocket costs, and over a third (35 percent) of those receiving them are ages 50 to 64.

In a prior analysis⁷, we show that lower-income adults buying in the individual market could see **out-of-pocket costs increase by as much as \$6,600** in 2020. Table 2 shows potential impact on out-of-pocket costs by state.

TABLE 2
Higher Out-of-Pocket Costs under Graham-Cassidy due to Repeal of Cost-Sharing Reductions in 2020

State	Maximum Increase in Out-of-Pocket Costs Based on Annual Income			State	Maximum Increase in Out-of-Pocket Costs Based on Annual Income		
	100–150% FPL* (\$12,500–\$18,750**)	151–200% FPL* (\$18,875–\$25,000**)	201–250% FPL* (\$25,125–\$31,250**)		100–150% FPL* (\$12,500–\$18,750**)	151–200% FPL* (\$18,875–\$25,000**)	201–250% FPL* (\$25,125–\$31,250**)
Alabama	\$7,457	\$6,750	\$2,358	Montana	\$5,725	\$4,563	\$922
Alaska	\$6,042	\$4,804	\$1,150	Nebraska	\$5,445	\$4,449	\$813
Arizona	\$5,556	\$5,317	\$1,308	Nevada	\$6,706	\$5,440	\$1,305
Arkansas	\$6,648	\$5,295	\$1,193	New Hampshire	\$6,443	\$5,260	\$1,395
California	\$6,956	\$6,072	\$1,710	New Jersey	\$6,305	\$5,162	\$1,391
Colorado	\$6,956	\$6,072	\$1,710	New Mexico	\$6,814	\$5,813	\$1,806
Connecticut	\$6,956	\$6,072	\$1,710	New York	\$6,956	\$6,072	\$1,710
Delaware	\$6,209	\$5,659	\$1,788	North Carolina	\$7,463	\$5,670	\$1,710
Distr. of Columbia	\$6,956	\$6,072	\$1,710	North Dakota	\$5,471	\$4,849	\$1,097
Florida	\$6,776	\$5,653	\$1,625	Ohio	\$6,653	\$5,477	\$1,443
Georgia	\$6,757	\$5,505	\$1,469	Oklahoma	\$7,181	\$5,911	\$1,810
Hawaii	\$6,089	\$5,617	\$1,608	Oregon	\$7,067	\$5,890	\$1,891
Idaho	\$6,956	\$6,072	\$1,710	Pennsylvania	\$6,519	\$5,358	\$1,844
Illinois	\$7,189	\$5,989	\$1,857	Rhode Island	\$6,956	\$6,072	\$1,710
Indiana	\$6,734	\$5,426	\$1,233	South Carolina	\$5,537	\$5,121	\$1,411
Iowa	\$5,653	\$4,609	\$951	South Dakota	\$6,255	\$5,043	\$1,171
Kansas	\$5,208	\$4,497	\$839	Tennessee	\$6,721	\$5,656	\$1,647
Kentucky	\$6,458	\$5,223	\$1,237	Texas	\$6,528	\$5,319	\$1,542
Louisiana	\$5,740	\$5,134	\$1,407	Utah	\$6,864	\$6,054	\$2,022
Maine	\$7,233	\$6,033	\$1,898	Vermont	\$6,956	\$6,072	\$1,710
Maryland	\$6,956	\$6,072	\$1,710	Virginia	\$6,908	\$5,840	\$1,823
Massachusetts	\$6,956	\$6,072	\$1,710	Washington	\$6,956	\$6,072	\$1,710
Michigan	\$6,986	\$5,894	\$1,488	West Virginia	\$7,076	\$5,852	\$1,715
Minnesota	\$6,956	\$6,072	\$1,710	Wisconsin	\$6,543	\$5,307	\$1,526
Mississippi	\$7,009	\$5,515	\$1,327	Wyoming	\$6,769	\$5,364	\$1,434
Missouri	\$6,796	\$5,703	\$1,641	NATIONAL	\$6,619	\$5,602	\$1,549

* FPL = federal poverty level

** Income ranges are for 2020. Income levels are higher for Alaska and Hawaii in these ranges because FPLs differ in those states.

Calculations by AARP Public Policy Institute.

Based on 2017 QHP Landscape Individual Market county-level data. Calculated as average difference in actual maximum medical out-of-pocket (OOP) limits between individual standard Silver plans and Silver plans with a 94% (100%-150% of FPL), 87% (151%-200% of FPL) and 73% (201%-250% of FPL) AV (actuarial value). For the 12 state-based Marketplaces in 2017 (CA, CO, CT, DC, ID, MD, MA, MN, NY, RI, VT, WA) we used maximum out-of-pocket limits from CMS. We inflated to 2020 figures using direct purchase private health insurance growth rates from the Centers for Medicare & Medicaid Services, Office of the Actuary. For person to keep their current coverage.

Charging Older Adults More than Three Times What Others Pay

The bill may also permit states to waive age-rating limits and allow insurers to charge older adults more than three times what they charge other people buying in the Marketplace. In prior analysis, we

found that changing the age rating limit from 3:1 to 5:1 (i.e., allowing insurers to charge up to five times more than younger adults for the same coverage) would increase premiums for adults 60 and older by an average of **\$4,124** a year (table 3).⁸

TABLE 3
Increase in Premiums for 60-year-olds in Individual Market due to Age Rating in 2020

State	Current Law Premiums under 3:1 Age-Rating (Before Tax Credits)	Premiums under 5:1 Age-Rating (Before Tax Credits)	Premium Increase
Alabama	\$13,723	\$18,433	\$4,711
Alaska	\$28,126	\$37,785	\$9,659
Arizona	\$18,365	\$24,673	\$6,308
Arkansas	\$9,064	\$12,179	\$3,115
California	\$12,685	\$17,038	\$4,353
Colorado	\$12,518	\$16,820	\$4,302
Connecticut	\$12,783	\$17,170	\$4,388
Delaware	\$12,720	\$17,090	\$4,370
Distr. of Columbia*	\$9,070	\$9,070	\$0
Florida	\$11,668	\$15,675	\$4,007
Georgia	\$12,178	\$16,361	\$4,183
Hawaii	\$10,410	\$13,990	\$3,580
Idaho	\$10,792	\$14,498	\$3,706
Illinois	\$13,385	\$17,981	\$4,597
Indiana	\$8,493	\$11,409	\$2,916
Iowa	\$12,827	\$17,234	\$4,407
Kansas	\$11,262	\$15,130	\$3,869
Kentucky	\$9,502	\$12,766	\$3,264
Louisiana	\$13,089	\$17,582	\$4,493
Maine	\$12,011	\$16,139	\$4,128
Maryland	\$9,471	\$12,723	\$3,252
Massachusetts*	\$6,103	\$6,103	\$0
Michigan	\$9,780	\$13,137	\$3,357
Minnesota	\$13,993	\$18,799	\$4,805
Mississippi	\$9,651	\$12,965	\$3,314
Missouri	\$13,258	\$17,813	\$4,554
Montana	\$14,241	\$19,129	\$4,888
Nebraska	\$17,519	\$23,530	\$6,011
Nevada	\$12,625	\$16,959	\$4,334
New Hampshire	\$8,020	\$10,770	\$2,750
New Jersey	\$10,513	\$14,125	\$3,612
New Mexico	\$9,075	\$12,196	\$3,122
New York*	\$6,373	\$6,373	\$0
North Carolina	\$16,654	\$22,374	\$5,720
North Dakota	\$10,809	\$14,518	\$3,709
Ohio	\$9,693	\$13,022	\$3,329
Oklahoma	\$16,124	\$21,662	\$5,538
Oregon	\$12,033	\$16,166	\$4,133
Pennsylvania	\$11,410	\$15,327	\$3,917
Rhode Island	\$7,840	\$10,530	\$2,690
South Carolina	\$11,727	\$15,754	\$4,027
South Dakota	\$13,786	\$18,522	\$4,735
Tennessee	\$15,735	\$21,139	\$5,404
Texas	\$12,284	\$16,501	\$4,217
Utah	\$10,367	\$14,582	\$4,214
Vermont*	\$6,950	\$6,950	\$0
Virginia	\$9,992	\$13,423	\$3,431
Washington	\$7,281	\$9,778	\$2,498
West Virginia	\$14,218	\$19,103	\$4,886
Wisconsin	\$11,228	\$15,083	\$3,854
Wyoming	\$15,231	\$20,461	\$5,230
NATIONAL	\$12,180	\$16,304	\$4,124

* We assumed states that set their own age curves with ratios smaller than 3:1 (i.e. NY, VT, MA, and DC) would maintain their state-specific age curves.

Calculations by AARP Public Policy Institute.

Based on Kaiser Family Foundation projections of 2020 premiums in the Marketplace, accessible at: <http://kaiserf.am/2vXpweE>. State-specific premiums are the average across all counties in state, and national premium is the average across all counties. Increase in premium due to age rating calculated as difference between average state-level premiums under 5:1 age rating and average state-level premiums under 3:1 age rating. For person to keep their current coverage.

Bottom Line Impact on Older Adults

Premium tax credits and cost-sharing reductions are critical financial protections for lower- to moderate-income Americans, including many older adults. The Graham-Cassidy bill eliminates these protections and weakens protections against age rating. It threatens to drastically increase premiums and out-of-pocket costs for older adults enrolled in health insurance Marketplaces.

Table 4 shows the combined effect of premium and out-of-pocket increases for the average 60-year-old earning \$25,000 a year to maintain current coverage. We estimate that this person could pay as much as \$16,174 more in 2020 (at the national level). In some states, the total increase is significantly larger. For instance, a 60-year old Alaskan earning \$25,000 could pay as much as **\$31,790** more to keep her current coverage. In Arizona, that person could pay as much as **\$22,074** more. This increase is simply unaffordable.

TABLE 4
Total Increase in Health Care Costs (Premiums + Out-of-Pocket) for 60-year-olds with Income of \$25,000 Under Graham-Cassidy in 2020

State	Maximum Premium Increase	Maximum Increase in Out-Of-Pocket (OOP) Costs	Total Increase in Premiums and OOP Costs
Alabama	\$12,115	\$6,750	\$18,865
Alaska	\$26,986	\$4,804	\$31,790
Arizona	\$16,757	\$5,317	\$22,074
Arkansas	\$7,457	\$5,295	\$12,752
California	\$11,078	\$6,072	\$17,149
Colorado	\$10,910	\$6,072	\$16,982
Connecticut	\$11,175	\$6,072	\$17,247
Delaware	\$11,113	\$5,659	\$16,772
Distr. of Columbia	\$7,463	\$6,072	\$13,534
Florida	\$10,060	\$5,653	\$15,714
Georgia	\$10,571	\$5,505	\$16,076
Hawaii	\$9,102	\$5,617	\$14,719
Idaho	\$9,185	\$6,072	\$15,256
Illinois	\$11,777	\$5,989	\$17,766
Indiana	\$6,886	\$5,426	\$12,312
Iowa	\$11,219	\$4,609	\$15,828
Kansas	\$9,654	\$4,497	\$14,152
Kentucky	\$7,895	\$5,223	\$13,118
Louisiana	\$11,481	\$5,134	\$16,615
Maine	\$10,404	\$6,033	\$16,437
Maryland	\$7,864	\$6,072	\$13,936
Massachusetts	\$4,495	\$6,072	\$10,567
Michigan	\$8,173	\$5,894	\$14,067
Minnesota*	\$12,386	\$1,710	\$14,096
Mississippi	\$8,044	\$5,515	\$13,559
Missouri	\$11,651	\$5,703	\$17,354
Montana	\$12,633	\$4,563	\$17,197
Nebraska	\$15,912	\$4,449	\$20,361
Nevada	\$11,018	\$5,440	\$16,458
New Hampshire	\$6,413	\$5,260	\$11,672
New Jersey	\$8,906	\$5,162	\$14,068
New Mexico	\$7,467	\$5,813	\$13,280
New York*	\$4,766	\$1,710	\$6,476
North Carolina	\$15,046	\$5,670	\$20,716
North Dakota	\$9,202	\$4,849	\$14,051
Ohio	\$8,085	\$5,477	\$13,563
Oklahoma	\$14,517	\$5,911	\$20,428
Oregon	\$10,426	\$5,890	\$16,315
Pennsylvania	\$9,802	\$5,358	\$15,160
Rhode Island	\$6,233	\$6,072	\$12,304
South Carolina	\$10,119	\$5,121	\$15,240
South Dakota	\$12,179	\$5,043	\$17,221
Tennessee	\$14,127	\$5,656	\$19,783
Texas	\$10,676	\$5,319	\$15,996
Utah	\$8,760	\$6,054	\$14,814
Vermont	\$5,343	\$6,072	\$11,414
Virginia	\$8,384	\$5,840	\$14,224
Washington	\$5,673	\$6,072	\$11,745
West Virginia	\$12,610	\$5,852	\$18,462
Wisconsin	\$9,621	\$5,307	\$14,927
Wyoming	\$13,623	\$5,364	\$18,988
NATIONAL	\$10,572	\$5,602	\$16,174

* For Minnesota and New York, estimates reflect premium increase for a 60-year with income just over \$25,000. For incomes below that level, Minnesota and New York provide coverage through the Basic Health Plan, which would be eliminated under the bill.

\$25,000 = 200% FPL in most states in 2020. It is 160% FPL in Alaska and 174% FPL in Hawaii.

Calculations by AARP Public Policy Institute.

Based on data from CMS, Healthcare.gov, and Kaiser Family Foundation as described in previous tables. For person to keep their current coverage.

- 1 Represents average of highest potential increases across all states. Some states will have potentially higher increases.
- 2 Avalere, “Graham-Cassidy-Heller-Johnson Bill Would Reduce Federal Funding to States by \$215 Billion”, September 2017. <http://avalere.com/expertise/life-sciences/insights/graham-cassidy-heller-johnson-bill-would-reduce-federal-funding-to-sta>
- 3 AARP Public Policy Institute, “State High-Risk Pools Failed Consumers in the Past – and Would Again”, April 2017. <http://blog.aarp.org/2017/04/27/state-high-risk-pools-failed-consumers-in-the-past-and-theyd-fail-them-again/>
- 4 AARP Public Policy Institute, “Adequate Premium Tax Credits are Vital to Maintain Access to Affordable Health Coverage for Older Adults”, March 2017. <http://www.aarp.org/ppi/info-2017/adequate-premium-tax-credits-are-vital-to-maintain-access-to-affordable-health-coverage-for-older-adults.html>
- 5 In states that expanded their Medicaid programs, tax credit eligibility begins at 138 percent of the federal poverty level.
- 6 Under the ACA, tax credits are tied to a benchmark of the second-lowest-cost Silver Plan offered in the state. A Silver-tier plan covers an actuarial value of 70 percent of covered expenses on average. People who qualify for tax credits can choose to enroll in higher metal-level plans with higher levels of coverage but would pay the difference in costs.
- 7 AARP Public Policy Institute, “Health Insurance Cost-Sharing Reductions Are Critical to Ensuring Affordable Health Care for Older Adults”, September 2017. <http://www.aarp.org/ppi/info-2017/health-insurance-cost-sharing-reductions-are-critical-to-ensuring-affordable-health-care-for-older-adults.html>
- 8 AARP Public Policy Institute, “Impact of Changing the Age Rating Limit for Health Insurance Premiums”, February 2017. <http://www.aarp.org/ppi/info-2016/Impact-of-Changing-the-Age-Rating-Limit-for-Health-Insurance-Premiums.html>

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Washington DC 20049

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