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NEW COMMONWEALTH FUND REPORTS HIGHLIGHT IMPACTS OF CLINTON AND TRUMP HEALTH REFORM PROPOSALS

RAND Analyses Find Clinton's Plans to Enhance ACA Would Reduce Number of Uninsured and Lower Out-of-Pocket Costs; Trump's Repeal-and-Replace Plan Would Increase Uninsured and Raise Out-of-Pocket Costs; Elements of Both Candidates' Proposals Could Add to Federal Deficit

New York, NY, September 23, 2016—Hillary Clinton and Donald Trump have two distinct approaches to health reform: Trump proposes to repeal and replace the Affordable Care Act (ACA), while Clinton wants to maintain and modify it. Two new Commonwealth Fund reports find that some of Clinton's proposals would increase the number of people with insurance by between 400,000 and 9.6 million in 2018, while some of Trump's proposals would decrease the number of people with insurance by between 15.6 million and 25.1 million.

The analyses, by Christine Eibner and colleagues at the RAND Corporation, used RAND's COMPARE microsimulation model to estimate how the candidates' proposals would affect health insurance coverage, the federal deficit, and consumers' out-of-pocket health care spending. The authors note they were not able to examine every proposal from each candidate, instead focusing on those proposals for which there is enough detail to model impacts. If either candidate releases additional detail that would cause the estimates to change or allow additional policy proposals to be modeled, The Commonwealth Fund will release updated analyses.

The reports and technical appendices are available at: http://www.commonwealthfund.org/publications/other/2016/sep/2016-candidates-health-proposals, along with n interactive feature, and a *To the Point* blog post by ACA expert Sara Collins, vice president for Health Care Coverage and Access at The Commonwealth Fund.

Hillary Clinton's Health Care Reform Proposals: Anticipated Effects on Insurance Coverage, Out-of-Pocket Costs, and the Federal Deficit, analyzes Hillary Clinton's proposed modifications to the ACA:

- A tax credit to anyone with private insurance whose premium and out-of-pocket health care costs exceed 5 percent of income.
- Lowering consumers' maximum premium contribution for ACA marketplace plans to 8.5 percent of income.

- Fixing the “family glitch,” by making marketplace premium tax credits available to families with employer insurance if their contribution to a family plan would exceed 8.5 percent of income.
- Adding a public health insurance option to the ACA marketplaces.

The report finds that, if enacted, these proposals would:

- **Increase the number of people with health insurance.**
  - The new tax credit would increase the number of insured by 9.6 million.
  - Reducing the premium contribution maximum would increase the insured population by 1.7 million.
  - Fixing the family coverage glitch and reducing the maximum premium contribution would increase the number by 2.8 million.
  - The public insurance option would bring health coverage to 400,000 additional people.

- **Lower people’s total out-of-pocket health care spending relative to what they spend currently under the ACA.** The tax credit for consumers who spends more than 5 percent of their income out-of-pocket for health care would help low- and moderate-income people most, with those making between 139 and 250 percent of the federal poverty level ($16,243 to $29,425 for an individual, $33,465 to $60,625 for a family of four) seeing their out-of-pocket health care costs drop 33 percent.

- **Increase and decrease the federal deficit.** Three of the policies modeled in the report increase the federal deficit, while one policy would decrease it:
  - The tax credit would increase the deficit the most—by $90.4 billion.
  - Reducing the maximum premium contribution to 8.5 percent of income would lead to a $3.5 billion dollar increase in the deficit.
  - Fixing the family glitch and reducing the maximum premium contribution would add an additional $10 billion.
  - Adding a public option would *lower* the deficit by $0.7 billion.

Donald Trump’s Health Care Reform Proposals: Anticipated Effects on Insurance Coverage, Out-of-Pocket Costs, and the Federal Deficit, analyzes Donald Trump’s proposals to:

- Repeal the ACA and replace the law with a tax deduction allowing people with individual market coverage to fully deduct health insurance premiums from their taxes.
- Convert Medicaid and the Children’s Health Insurance Program (CHIP) to block grants, meaning the federal government would pay states a fixed amount, rather than paying a percentage of each enrollee’s costs, as it currently does.
- Allow the sale of health insurance across state lines.

The report finds that if the ACA were repealed and these proposals enacted, these changes would:

- **Increase the number of people in the U.S. without health insurance, with low- and moderate-income families the most likely to be uninsured.**
    - Repealing the ACA would result in 19.7 million more uninsured in 2018, nearly all of whom would be low- and moderate-income people.
    - Repealing the law and adding an insurance tax deduction would result in 15.6 million uninsured, because the tax deduction is less generous than the subsidies currently helping low- and moderate-income people buy health insurance through the marketplaces and Medicaid coverage.
    - Instituting a block grant program would result in 25.1 million more uninsured, since the more-limited Medicaid funds available to states would require them to cap Medicaid enrollment.
    - Allowing insurers to sell across state lines would result in 17.5 million more uninsured, as there would be no more subsidies for marketplace plans or expanded Medicaid and insurers would likely revert to their pre-ACA policies. Those policies denied coverage to people with preexisting conditions and charged older and sicker people substantially higher premiums than the young and healthy.

  Despite increasing the number of uninsured overall, two Trump policies—the health insurance tax deduction and sale of insurance across state lines—would increase the number of higher-income people (families of four making more than $60,750 a year) with health coverage—by 2.7 million and 1.4 million, respectively.

- **Increase out-of-pocket costs for consumers.** Because Trump's plan to repeal the ACA would end the federal marketplaces, the researchers looked at what consumers would spend on health care costs in the individual health insurance market. Currently, the average ACA marketplace enrollee spends $3,200 annually out-of-pocket.
    - Repealing the ACA alone would increase out-of-pocket costs to $4,700 a year.
    - Repealing and replacing the law with a tax deduction would increase costs to $3,500.
    - Repealing the law and allowing sales of insurance across state lines would raise costs to $5,700.

- **Increase the federal deficit.** All of Trump's proposals would increase the federal deficit.
    - Repealing the ACA would increase the deficit by $33.1 billion.
    - Repealing the law and replacing it with a tax deduction for premiums would increase it by $41 billion.
    - Medicaid block grants would increase it by $0.5 billion.
    - Sales of insurance policies across states' lines would increase it by $33.7 billion.

"Health care is a critical issue in this election, because the policies the presidential candidates have proposed will impact the cost and quality of health care for everyone," said Commonwealth Fund President David Blumenthal, M.D. "These analyses give people the best possible estimates for how health care would be affected by each candidate, given the information made available. It's clear that there are two widely disparate approaches to ensuring Americans' health care coverage, access to the care they need, and protection from burdensome health care costs."

Methodology

The authors used RAND's COMPARE microsimulation model to estimate how the Affordable Care Act and Clinton's proposed modifications, and Trump's repeal and replace proposals would affect health insurance enrollment, consumers' out-of-pocket spending, the federal deficit, and other outcomes. A complete description of the methods underlying COMPARE can be found in Cordova et al. (2013). Briefly, we create a synthetic population of individuals, families, health expenditures, and firms using data from the April 2010 cross-section of the 2008 Survey of Income and Program Participation (SIPP), the 2010 and 2011 Medical Expenditure Panel Survey (MEPS), and the 2010 Kaiser Family Foundation Employer Health Benefits Survey. These datasets are linked using statistical matching on key demographic characteristics, such as self-reported health status and income. We assign each individual in the SIPP a spending amount using the spending of a similar individual from the MEPS. We then augment spending imputations with data on aggregate spending levels from the National Health Expenditure Accounts (NHEA), as well as data on high-cost claims from the Society of Actuaries (SOA). The NHEA adjustment accounts for the fact that the MEPS underestimates total medical spending levels, while the SOA adjustment corrects the underrepresentation of individuals with high spending in the MEPS data.

Details on the authors' modeling assumptions, as well as additional background on the policies modeled, can be found in technical appendices for both the Clinton and Trump reports.