



Robert Wood Johnson Foundation



FEBRUARY 2017

Impact of the Affordable Care Act in Minnesota: Implications of Repeal

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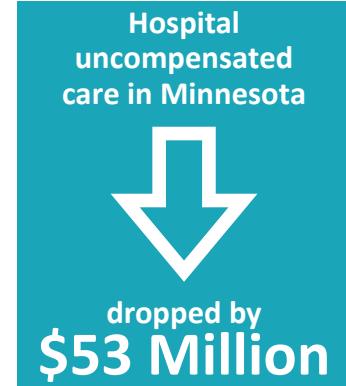
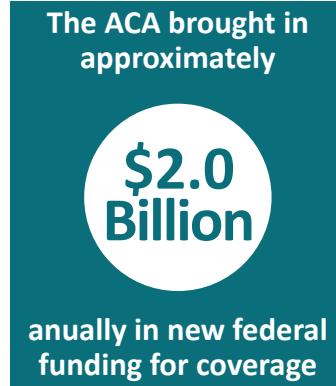
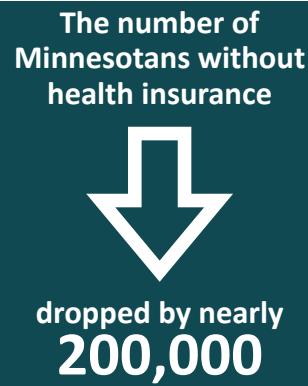
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- The Affordable Care Act (ACA) had substantial impact on access and coverage across the USA. Yet, since its passage in 2010, congressional Republicans have promised to “repeal and replace” the ACA as soon as they are able. Though President Obama’s veto power previously prevented the repeal of the ACA, the election of President Trump and the GOP control of Congress make repeal almost inevitable. On January 23, 2017, President Trump issued an executive order directing his administration to initiate the repeal and replacement of the ACA. There are currently more than a dozen Republican health bills being considered, and Republicans in the Congress are working hard to develop a single cohesive plan. However, if Congress isn’t able to develop and pass a replacement plan after repealing the ACA there will be significant consequences for states.
- In this brief we present an overview of the impact of the ACA’s coverage expansions in the state of Minnesota and highlight the potential for losses with an ACA repeal. We look specifically at rates of health insurance coverage, hospital uncompensated care, and levels of federal health funding for Minnesota’s public coverage programs.

Between 2013 and 2015:

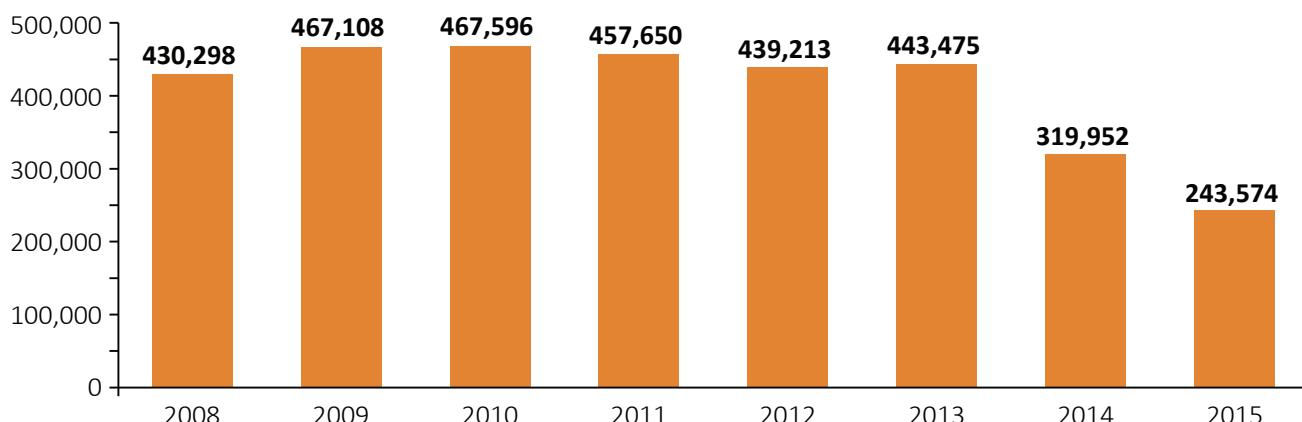


Impact on the uninsured rate

The ACA’s access provisions include the Medicaid expansion, federal financial assistance for Marketplace coverage through advanced premium tax credits, and the individual and employer health insurance coverage mandates. Each had an impact on increasing health insurance coverage leading to the lowest rate of uninsured in Minnesota ever.

- The ACA reduced the number of uninsured in MN by almost one half**
- Between 2013 and 2015, the number of Minnesotans without health insurance declined by nearly 200,000.¹**
- The state uninsurance rate dropped from 8.3 to 4.5 percent in 2015, a 3.8 percentage point decrease since 2013.**

Estimated Number of Uninsured Minnesotans, 2008-2015



Note: Figure represents the estimated number of non-institutionalized Minnesotans without health insurance at the time of interview.
Source: SHADAC Analysis of the American Community Survey (2008-2015).

Role of MNsure in increasing access and coverage

MNsure is Minnesota's health insurance Marketplace where individuals can shop for health coverage. Tax credits are available through MNsure to individuals with incomes between 200–400% FPL to help bring down the price of premiums.

When MNsure launched in October 2013, it was one of 15 State-based Marketplaces. In its first open enrollment period, MNsure's website and call center had problems coping with consumer demand, leading to long wait times. Last year, after Blue Cross and Blue Shield decided to leave Minnesota's individual insurance market, the state's commerce commissioner and its health plans reached an agreement to increase premiums by 50–67% and put caps on each health plan's enrollment in an effort to maintain the viability of Minnesota's individual insurance market.² Despite these issues, thousands of individuals have continued to purchase coverage through MNsure.

- **As of January 11, 2017, 106,587 Minnesotans have enrolled in private health coverage through MNsure during the fourth open enrollment period, the largest number in the Marketplace's history.³**
- **As of January 11, 62% of Minnesotans purchasing coverage on MNsure received a tax credit to bring down the price of premiums.**
- **If the ACA were repealed, MNsure enrollees would lose \$165 million in federal tax credits and cost-sharing reductions.⁵**

Minnesota's public coverage programs

Minnesota expanded its Medical Assistance program to childless adults up to 138% FPL (\$27,724 for a family of three in 2016) using new federal funding through the ACA. The state modified its existing MinnesotaCare program to take advantage of federal Basic Health Program funding created by the ACA and cover individuals with incomes between 138–200% FPL (\$27,527–\$40,180 for a family of three in 2016).

- **Approximately 300,000 Minnesotans enrolled in public coverage through options created by the ACA, including Medical Assistance expansion and MinnesotaCare.⁴**
- **If the Affordable Care Act were repealed in 2017, the Urban Institute estimates that by 2019, 380,000 Minnesotans could lose their health insurance coverage.⁵**
- **With an ACA repeal, the number of Minnesotans without health insurance coverage would more than double.⁶**

Hospital provision of free or uncompensated care

The amount of uncompensated care provided by Minnesota hospitals has fallen with Minnesota's uninsurance rate. Because more Minnesotans have health coverage, fewer are unable to pay their medical bills after getting care. Hospital uncompensated care is expected to rise dramatically under repeal of the ACA as Minnesotans who lose their health coverage seek care that they can no longer afford.

- **Hospital uncompensated care, after rising by \$192 million over a decade, fell by \$53 million between 2013 and 2015 in Minnesota, a 16.7 percent decrease.⁷**
- **The Urban Institute estimates that if the ACA were repealed in 2017, hospital uncompensated care in Minnesota would increase by \$548 million by 2019.⁸**

Federal funding for state-based coverage programs

The ACA increased the amount of federal funding available to states to expand their public health insurance programs. Minnesota used this funding to expand Medical Assistance, its Medicaid program and to fund MinnesotaCare, an expansion of an existing state-funded program that has provided subsidized health insurance coverage for working families since 1992.

- **The State of Minnesota currently receives \$2 billion annually in federal funding for its Medical Assistance and MinnesotaCare programs.⁴**
- **Individuals enrolled in health plans through MNsure received an estimated \$115 million in annual tax credits and cost-sharing reductions from the federal government in 2016.⁹**
- **If the Affordable Care Act were repealed, the state of Minnesota would lose \$2 billion in federal funding for Medical Assistance and MinnesotaCare;⁴ In addition, under ACA repeal Minnesota would lose \$80.8 million in federal Prevention and Public Health Fund grants that help the state prepare for public health emergencies like disease outbreaks, disasters, and bioterrorism in addition to providing vaccines to needy children and adults, preventing infectious and chronic diseases, and funding other core public health services.¹⁰**

Conclusion

These are uncertain times for health care reform. The newly elected president and the Republican Congress have yet to lay out the specifics of their plan for a replacement strategy if the ACA were repealed. States should anticipate some level of disruption and be prepared for change. A full repeal without a replacement would be devastating for the state of Minnesota. A full repeal would have the potential to remove 300,000 people from their current coverage, significantly increase uncompensated care, and would potentially cause the state to lose over \$2.0 billion in federal funds.⁴ We will continue to monitor changes at the national level and evaluate the impact these changes will have on the state of Minnesota.

Endnotes

¹ SHADAC Analysis of the 2013–2015 American Community Survey

² Blewett, L. "Capping Enrollment to Save Minnesota's Individual Market," Health Affairs Blog, October 18, 2016. <http://healthaffairs.org/blog/2016/10/18/capping-enrollment-to-save-minnesotas-individual-market/>.

³ MNsure. "Board of Directors Meeting," January 11, 2017. https://www.mnsure.org/assets/bd-2017-01-11-deck_tcm34-272675.pdf.

⁴ Minnesota Department of Human Services. "Repealing the Affordable Care Act: Impacts to Minnesota's Public Healthcare Programs," January 6, 2017. <http://mn.gov/dhs/aca-repeal/issue-brief/>.

⁵ Blumberg, L., M. Buettgens, and J. Holahan. "Implications of Partial Repeal of the ACA through Reconciliation," Urban Institute, December 2016. http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation_0.pdf.

⁶ SHADAC Analysis of the 2015 American Community Survey

⁷ Minnesota Department of Health: Health Economics Program. "Uncompensated Care at Minnesota Hospitals Drops for the Second Year in a Row," October 31, 2016. <http://www.health.state.mn.us/news/pressrel/2016/costs103116.pdf>.

⁸ Buettgens, M., L. Blumberg, and J. Holahan. "The Impact on Health Care Providers of Partial ACA Repeal through Reconciliation," Urban Institute, January 2017. http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2017/rwjf433621.

⁹ Kaiser Family Foundation. "Estimated Total Premium Tax Credits Received by Marketplace Enrollees," March 31, 2016. <http://kff.org/health-reform/state-indicator/average-monthly-advance-premium-tax-credit-aptc/>.

¹⁰ Trust for America's Health. "Minnesota Could Lose More than \$80 Million to Fight Health Epidemics over Five Years if the ACA and Prevention and Public Health Fund are Repealed," 2017. <http://healthyamericans.org/reports/prevention-fund-state-facts-2017/release.php?stateid=MN>.