



Arizona Families and Economy Count on Health Coverage in the Affordable Care Act

Repealing the ACA Would Send Arizona Backward

The push in Congress to repeal the Affordable Care Act (ACA) would jeopardize the health coverage and economic security of approximately 650,000 Arizonans, including 160,000 children. Most of those who stand to lose coverage work in jobs that are the backbone of our economy - people such as waiters, construction laborers, janitors, school staff, and those providing care to children, the sick, and the elderly. Taking coverage away from Arizonans would also increase the number of uninsured people visiting emergency rooms for regular, non-emergency conditions *and* for complex and costly health problems that could have been addressed earlier. This could make healthcare more expensive for everyone, including people who are covered through their employers.

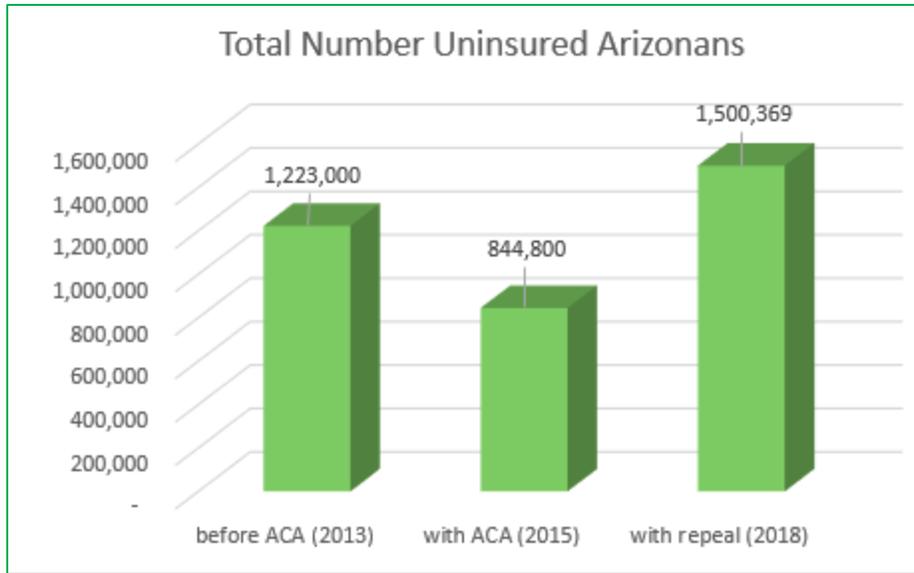
Arizona's economy would also take a hit because repeal would strip out of the state's economy billions of dollars in federal funding for Medicaid (AHCCCS), the Children's Health Insurance Program (CHIP), and the marketplace subsidies that help people with private individual-market plans pay their premiums and out-of-pocket costs. This will in turn stifle job growth in our fastest growing employment sector, healthcare, as well as in other sectors. The individual insurance market would be thrown into immediate disarray as insurers and healthier consumers withdraw from the market. Arizonans are counting on our federal lawmakers not to throw the health care system into chaos.

The ACA Extended Coverage to Low-Income Arizonans

The Affordable Care Act has made it possible for people working in low-paying jobs that typically do not offer health insurance to become insured. Arizona has benefitted from the option to expand Medicaid eligibility to non-elderly adults earning up to 133 percent of the poverty line (or roughly \$16,000 a year for an individual). This has been a very good financial deal for the state since the federal government paid the entire cost of this coverage through 2016 and is scheduled to pay no less than 90 percent of the cost going forward. As one of 31 states to take up this option, Arizona was able to use federal funding to build on its own pre-ACA coverage expansions.

In 2000, Arizona voters passed Proposition 204, which extended Medicaid coverage to childless adults earning up to the poverty line (about \$12,000 a year for an individual in 2016). However, due to a state budget crisis, enrollment for this population was frozen in 2011. Through the ACA's Medicaid expansion, Arizona was able to insure this population once again *and* extend eligibility to adults earning up to 133 percent of the federal poverty line.

The 425,338 adults who have gained coverage through the recent expansions would lose that coverage if the ACA's Medicaid expansion is repealed (AHCCCS, 2016). The following graph depicts the impact of the ACA on the number of uninsured Arizonans and the consequences of an ACA repeal.



Sources: Henry J. Kaiser Family Foundation, 2015; AHCCCS, 2016.

ACA Marketplace Makes Insurance Affordable for Many More Arizonans

As of January 2017, 196,231 Arizonans were enrolled in the ACA marketplace. Arizona had the lowest benchmark premiums of any state for Marketplace health plans in 2016. This low starting point helps explain why Arizona had the largest increases in ACA marketplace premiums for 2017. ACA premium tax credits and cost sharing reductions help offset the cost increases for most consumers. The premium tax credit subsidies bring down the cost of monthly premium payments to make health insurance affordable. While the final numbers for this plan year are not yet in, the most recent estimates from

For 2017, a 27-year-old Arizonans with an income of \$25,000 will pay almost the exact same amount (\$142 per month), because tax credits will increase to compensate for premium increases.

Department of Health and Human Services (HHS, 2016) report 77 percent of Arizonans selecting a plan this year will qualify for a tax credit. Additionally, HHS reports that 74 percent of Arizona marketplace consumers will be able to find a plan with a premium of less than \$75 per month, and 78 percent will be able to find plans with premiums below \$100. According to an analysis by the Arizona Alliance for Community Health Centers, most Arizonans in the Marketplace will only see a \$5 increase in their monthly premium this year.

Cost sharing reductions are another way the ACA reduced out-of-pocket-pocket costs like copays and deductibles for marketplace consumers. Last year, marketplace consumers in Arizona received roughly \$6.3 million monthly in cost-sharing reductions across the state, and \$75.4 million for the year. The average annual cost-sharing reduction among those Arizonans qualifying was \$736 (HHS, 2016). Enrollment for the 2017 marketplace, which ended January 31, 2017, was down by only 3% from last

year's enrollment, despite ongoing news coverage of premium increases and insurers leaving the market. This can be taken as an indication that Arizonans need high quality, affordable health insurance offered through the ACA.

ACA Repeal Puts Arizona's Children at High Risk

Investing in AHCCCS means investing in the future of Arizona's children. Longitudinal studies have shown that children who have coverage through Medicaid (AHCCCS) are less likely to drop out of high school and more likely to graduate from college. They become productive adults who surpass their families' economic status and are less reliant on safety-net programs. Additionally, these children grow up to become healthier adults and have lower hospitalization rates and emergency room visits in their adult years (Georgetown Center for Children and Families, National Bureau of Economic Research, 2014).

KidsCare could be wiped out under an ACA repeal. By 2016, Arizona was the only state in the nation without a CHIP program (called KidsCare in Arizona). KidsCare covers children in families with incomes from 138 percent to 200 percent of the federal poverty level, or \$27,000-\$40,000 for a family of three. These families earn too much to qualify for Medicaid, but may still struggle to pay the premiums and out-of-pocket costs of private or marketplace insurance. As part of the ACA, states were given additional federal funds to run their CHIP programs. The Arizona legislature re-opened the program with coverage beginning in September 2016 because the federal government would now cover the entire cost of coverage for KidsCare. If Congress rolls back the additional federal funding for CHIP, Arizona statute has a trigger that will freeze enrollment and possibly terminate KidsCare within 30 days. Currently, 13,389 children are enrolled in KidsCare and 21,000 more are expected to sign up over the next few months (AHCCCS 2017, Joint Legislative Budget Committee, 2016). Furthermore, Arizona is able to draw down 100 percent federal funding for Medicaid coverage for children whose parents earn between 100 and 133 percent of the poverty line. If this funding source disappears, the Arizona legislature is unlikely to pick up the tab, cutting coverage for an additional 78,000 children (Joint Legislative Budget Committee, 2016).

Last year, Arizona was tied with North Dakota and Utah for having the highest share of children enrolled in marketplace plans. While the national average was 8 percent, in Arizona 23 percent (47,000 children) of marketplace enrollees were children (US Department of Health and Human Services, 2016). The following table depicts how many children are enrolled in Medicaid (AHCCCS), CHIP (KidsCare) and the marketplace in each county in Arizona.

While we do not know the full extent an ACA repeal could have on children's health coverage in Arizona, **we know in the first year alone about 160,000 children will lose coverage.** The following table details children at immediate risk in each program.

Number of Children at Risk of Losing Coverage in Arizona in the First Year of ACA Repeal	
KidsCare	34,000
AHCCCS child expansion (100-133% FPL)	78,000
ACA marketplace	47,684
TOTAL	159,684

Sources: Arizona Joint Legislative Budget Committee, 2016. US Department of Health and Human Services, 2016.

Changes in adult coverage will also affect children. The Urban Institute estimates that **151,000 of the adults who would lose coverage in Arizona are parents**. Research shows that parents who are uninsured are less likely to enroll their children in coverage (Urban Institute, 2016).

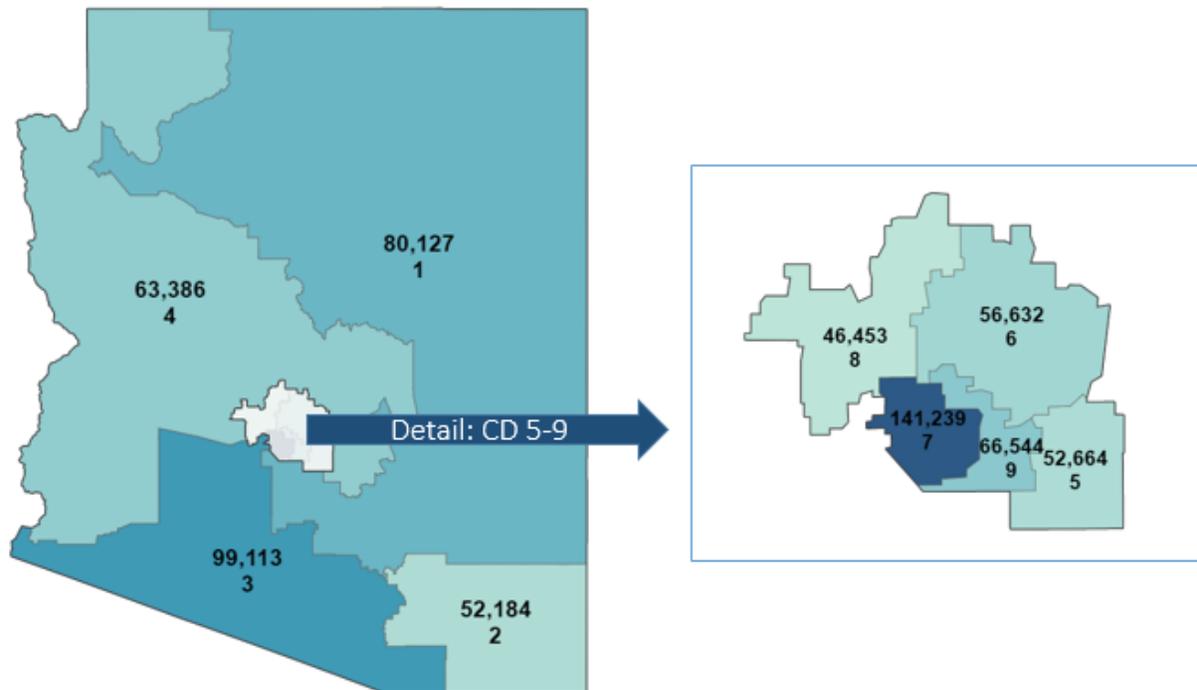
Medicaid, KidsCare and the marketplace have worked together to make health coverage affordable for low to moderate income Arizonans. Children move from traditional Medicaid to Medicaid expansion to KidsCare depending on the income fluctuations of their parents, who are often working in hourly jobs without guaranteed schedules. As the table shows, Marketplace coverage is a key option to fill in the gap for families with children, especially in Maricopa County. And Medicaid and Medicaid expansion shape the lives and health care for more than half a million children statewide – more than ten times the number covered in the Marketplace. Any changes to the financial structure, eligibility, or benefits covered through Medicaid will have a major impact on children’s health.

AZ Children Enrolled Medicaid, CHIP and ACA Marketplace by County		
County	Children in Medicaid & CHIP (2011-2015)	Children in marketplace (2016)
Apache County	11,129	155
Cochise County	8,944	675
Coconino County	9,729	877
Gila County	5,644	253
Graham County	3,919	334
Greenlee County	454	28
La Paz County	2,178	59
Maricopa County	319,740	30,863
Mohave County	18,225	1,197
Navajo County	16,142	584
Pima County	79,887	6,408
Pinal County	31,630	2,635
Santa Cruz County	5,441	452
Yavapai County	14,812	1,939
Yuma County	21,812	1,225
Total	529,099	47,684

Sources: Children in Medicaid and CHIP derived US Census Bureau American Community Survey, 5 year estimates (2011-2015); children in marketplace derived from HHS 2016 final enrollment numbers.

The map below depicts the total number of children in Medicaid (AHCCCS) and the marketplace by congressional district. The map indicates that every congressional district, rural and urban, has a significant number of children covered in Medicaid and the marketplace. The range in Arizona stretches from 25 percent to as high as 60 percent of children enrolled in each district on these programs

AZ Children Enrolled in AHCCCS and Marketplace Health Plans by Congressional District, 2015



Source: Single-year estimates of summary data from the 2015 American Community Survey (ACS). The U.S. Census Bureau publishes ACS summary data on American Fact Finder. Percent estimates were computed.

The ACA Covers Many Working Arizonans Earning Low Wages

The ACA has made quality health insurance available to thousands of low-income individuals and families who otherwise could not afford coverage. It has achieved unprecedented progress in providing health coverage to Arizonans. Since the implementation of the ACA's major coverage provisions, the uninsured rate of non-elderly adults has gone down by 36 percent in Arizona (American Community Survey) and the rate of uninsured children by 30 percent (Georgetown Center for Children and Families, 2016). **With an ACA repeal, the number of uninsured Arizonans would more than double, soaring to more than 1.5 million** (Kaiser Family Foundation, 2015; AHCCCS 2016).

Nearly two-thirds of the adults who are at risk of losing coverage under the repeal of the Medicaid expansion are working or living in households where someone works (Families USA, 2016). These workers are paid very low wages and cannot afford even minimal medical care without assistance.

The income cap for a single parent with two children to qualify for AHCCCS is \$23,800 a year. Parents earning this little in Arizona – the equivalent to about \$12.00 per hour for full-time, year-round work – are struggling every day just to pay for food and housing. In fact, annual housing costs and child care expenses for a single parent with two children can be \$23,400 (MIT Living Wage Calculator, 2016). It is virtually impossible to add health plan premiums, deductibles, and co-pays to other basic living expenses without quickly breaking the family budget.

In other words, without AHCCCS, not only are working families not able to make ends meet, the lack of healthcare makes it more difficult to maintain employment and for children to learn, both of which are essential to providing the opportunity for families to move out of poverty and into a more sustainable financial situation.

Thousands of Hard Working Arizonans are at Risk of Losing Basic Health Insurance

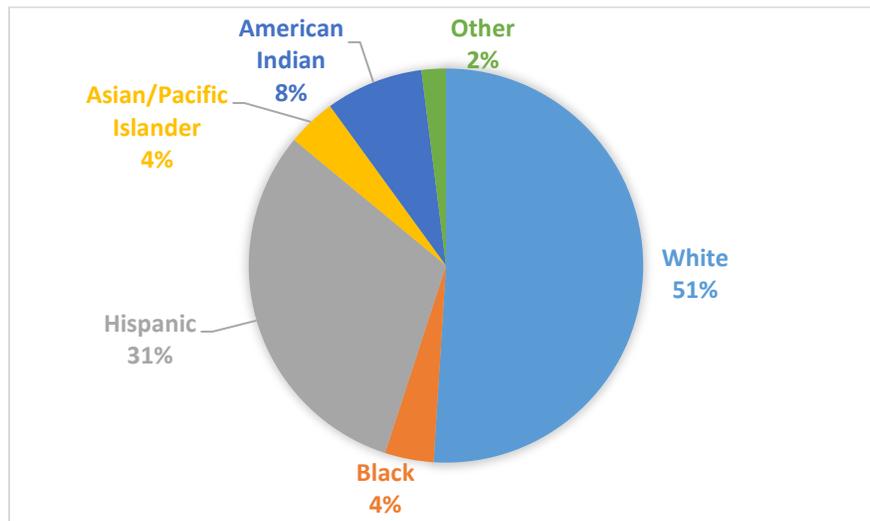
10 industries with the most adult workers enrolled in Medicaid

INDUSTRY	WORKERS AT RISK OF LOSING COVERAGE
Restaurants and other food services	28,290
Construction	14,270
Building services (janitor, extermination, cleaning)	7,590
Elementary and secondary schools	6,850
Landscaping services	5,650
Hotels/motels	5,040
Private household services (gardeners, cooks, caretakers)	4,890
Department and discount stores	4,730
Business support services (typing, printing, call centers, software management)	4,360
Grocery stores	4,220

Source: Analysis of the 2015 American Community Survey. Adults are those aged 19 through 64. Workers are those who have worked within the past year. The ten industries above are those with the largest number of Medicaid enrolled workers at or below 138 percent of poverty in Arizona. All figures are rounded to the nearest ten workers.

While ACA repeal would affect coverage for people of all races and ethnicities, most of the people who would lose health coverage as a result of repeal would be white, non-Hispanic Arizonans. They comprise 51 percent of those projected to lose coverage. The percentage of white, non-Hispanic uninsured people would more than double from 8 percent to 20 percent. Among all Arizonans who would lose coverage, 60 percent earn less than \$35,000 per year and lack a college degree. The table below depicts the proportion of persons in Arizona who would lose coverage with an ACA repeal by race and ethnicity. (Urban Institute, 2017).

Race/Ethnicity of Those Most Likely to Lose Coverage in Arizona



Source: Urban Institute analysis using HIPSM 2016.

Arizona’s Economy Would Lose Billions

Repeal of the ACA will hurt Arizona’s economy by removing billions of federal dollars from the state, which would in turn cost the state’s general fund millions of dollars, lead to job losses, and place families at greater risk of medical debt. **The loss of Medicaid expansion would cut \$3.2 billion in federal funds in the first year alone** (AHCCCS, 2016). Elimination of the marketplace would take away another \$877 from consumers in financial assistance for insurance they could otherwise not afford (Urban Institute, 2016).

Dollars Lost to Arizona's Economy in the First Year	
Loss in Medicaid Expansion & KidsCare Federal Funding	\$ 3,200,000,000
Loss in Marketplace Premium Tax Credits	\$ 828,000,000
Loss in Marketplace Cost Sharing Reductions	\$ 49,000,000

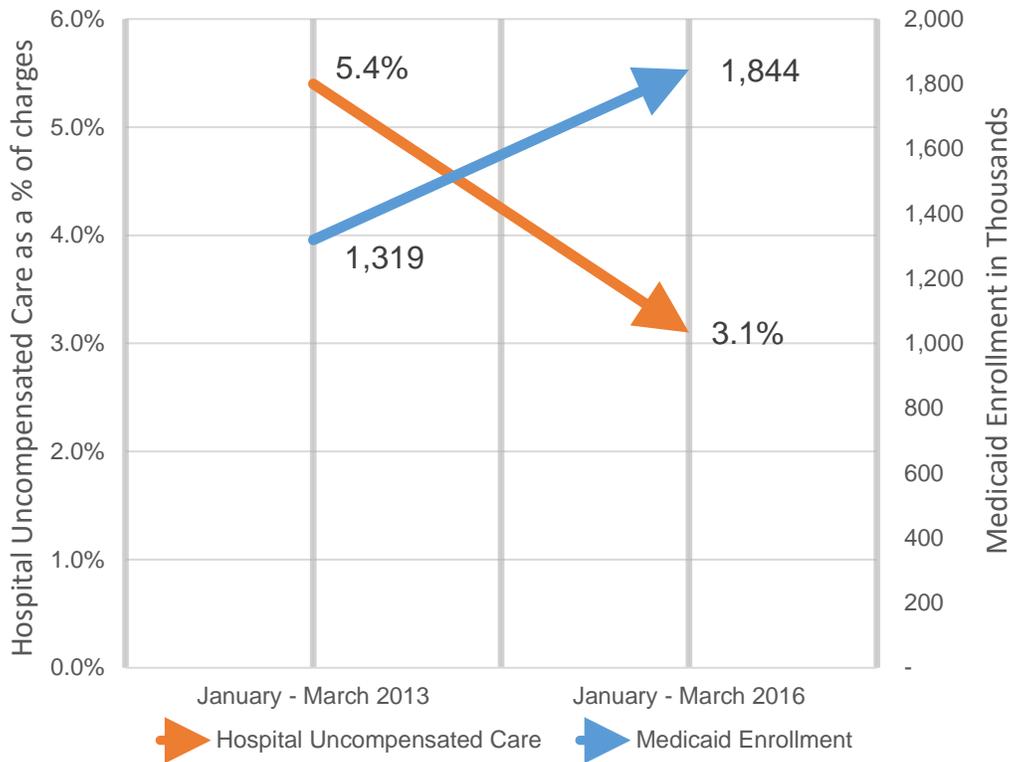
Sources: AHCCCS and Urban Institute, 2016.

The table above does not take into account costs the state would incur due to loss of other federal and state provisions tied to the ACA, such as the prescription drug rebate. The effects would ripple through our state’s economy. Reduced payments to healthcare providers would leave them with less money to purchase goods from vendors and small businesses, which in turn would lead to job losses. A recent study by Arizona State University’s WP Carey School of Business estimates 62,659 Arizona jobs would be lost in the first year of implementation. Forty-seven percent of these would be jobs in healthcare, which today is the strongest employment sector in the state. Banner Health, the state’s largest employer, would be impacted the most. Jobs in retail, food services, and manufacturing among others would also be cut. In the first year alone, **the state would lose \$4.7 billion in Gross State Product and Arizonans would lose \$3.5 billion in personal income, according to ASU.**

Uncompensated Care Will Spike

Having health insurance makes it possible for Arizonans to afford check-ups, routine treatment, and medications that can help avert a major health crisis. When more Arizonans attained coverage under the ACA, hospitals in the state saw a 31 percent drop in uncompensated care (\$76 million) (Arizona Hospital and Health Care Association, 2014) in the first year. Repealing the ACA would cause emergency room visits to spike once again, which would force hospitals to provide millions of dollars in uncompensated care. For families, this means greater exposure to medical debt and financial strain. Assuming fixed federal spending on uncompensated care, state and local governments and health care providers would also have to bear additional costs. **In Arizona, uncompensated care is expected to double to a staggering \$1.7 billion in the first year of repeal**, according to a 2017 analysis by the Robert Wood Johnson Foundation. In order to prevent this chaos to the healthcare sector, lawmakers should avoid reversing the gains made in the number of Arizonans with quality, affordable health coverage.

Medicaid Enrollment and Uncompensated Hospital Care



Source: Arizona Hospital and Health Care Association, 2016.

Immediate Harm to Insurance Markets and People

A prior ACA repeal bill that Congress passed (but that was vetoed by then-President Obama) would have immediately eliminated the individual mandate that requires most people to have coverage or pay a penalty. However, that bill would have kept the requirement for insurance companies to cover people with pre-existing conditions. This scenario will quickly devastate the private non-group market. This is because, without the mandate, many healthy individuals would drop their coverage. Insurance

companies would be left with the sickest and most expensive customers and experience unanticipated financial losses. That would prompt them to leave the market or to raise rates for remaining customers. **The number of Arizonans covered under private non-group insurance would drop from 349,000 to 40,000 in the first year after repeal, according to the Urban Institute.**

Repealing the ACA would also endanger some of the ACA's most important protections for Arizonans. These include the prohibition against insurers imposing annual and lifetime caps on people's coverage, charging women more for coverage than men, and reducing people's ability to afford needed medical care by raising out-of-pocket costs and eliminating key benefits.

Conclusion

Arizonans are counting on our congressional delegation to build on the ACA's successes and stand against pulling the rug out from Arizona families and our state economy. We are looking to our representatives for leadership, not Washington politics as usual. The ACA has provided hundreds of thousands of Arizonans with affordable healthcare for the first time. Repeal of the ACA would threaten the financial security of families as well as burden our state economy and cut jobs. It would also cause uncompensated care costs to more than double, prompting children and adults to delay needed treatments and medications until their health reached a crisis point. Healthcare is essential for families to overcome addiction, move into stable employment, and provide a better future for their children. Arizona succeeds when our population is healthy and financially secure.

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Children's Action Alliance is an independent voice for Arizona children at the state capitol and in the community. CAA works to improve children's health, education, and security through information and action. For more information, contact, Siman Qaasim at sqaasim@AZchildren.org and please visit AZchildren.org