

Impact of Repeal of the Affordable Care Act on Alaska

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Access to care

Access to health insurance is critical for a healthy and productive state and for an economy that fosters entrepreneurship. The Affordable Care Act (ACA), which needed reform, provided insurance coverage to thousands of previously uninsured Alaskans. As Congress considers repeal and replacement of the ACA, Alaska's hospitals urge the continuation of access to affordable health care services.

Impact on hospitals

The American Hospital Association and Federation of American Hospitals recently released a report estimating the financial impact of repealing of the Affordable Care Act on hospitals.¹

Key findings included:

- Alaska hospitals would suffer a loss of \$544 million in Medicare inflation updates if the payment reductions in the Affordable Care Act are not restored.
- If Medicare and Medicaid DSH cuts are not restored, Alaska hospitals would face another \$122 million in reductions.

Providers cannot absorb large losses in insurance coverage, especially if cuts in the ACA to hospitals are maintained. Losses of this magnitude cannot be sustained and would adversely impact patients' access to care and hospitals' and health systems' ability to continue to provide services. It is likely that providers would have to reduce staff, cutting positions in the only industry in Alaska that is currently growing.

If Congress decides to reconsider the ACA without simultaneously providing similar coverage, then such legislation should include either the prospective repeal of funding reductions to Medicare and Medicaid payments for hospital services that were included in the ACA or preserve the savings achieved through repeal in order to fund a future replacement bill.

Impact on uncompensated care

The gains in insurance coverage brought about through the ACA have resulted in reductions in uncompensated care for hospitals. While it will be some time before final data is available on the first full year of Medicaid expansion (2016), some hospitals are reporting reductions in uncompensated care of more than 50%. This represents millions of dollars of services that hospitals provided and were paid for that otherwise would have been written off as bad debt.

Impact on the rate of uninsured

Alaska has historically had a high rate of uninsured, but passage of the Affordable Care Act has dramatically reduced the number of uninsured Alaskans. According to Gallup,² Alaska ranks as one of the ten states with the largest reductions in the rate of uninsured. In 2013, 18.9% of Alaskans did not have health insurance. By 2015, that rate had dropped to 10.3%, a reduction of 8.6 percentage points. Medicaid expansion alone has provided health insurance to more than 25,000 Alaskans, representing 15% of the total population covered by Medicaid.³

The Urban Institute recently released a report estimating a 53% increase in the number of uninsured if the ACA is repealed without replaced, with 62,000 newly uninsured in the state.⁴

Impact on those with preexisting conditions

The Affordable Care Act fundamentally changed insurance markets for people with pre-existing conditions. Previously, those individuals were uninsurable or faced huge premiums if they could get insurance. Under the ACA, they can get insurance. Repeal without replacement means that many who now can access insurance would be denied coverage. A Kaiser Family Foundation report estimates that in Alaska almost 25,000 people have declinable pre-existing conditions.⁵

¹<http://www.aha.org/presscenter/pressrel/2016/160612-pr-aca.shtml>

²<http://www.gallup.com/poll/189023/arkansas-kentucky-set-pace-reducing-uninsured-rate.aspx>

³<http://dhss.alaska.gov/healthyalaska/pages/dashboard.aspx>

⁴http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation_0.pdf

⁵<http://files.kff.org/attachment/Issue-Brief-Pre-existing-Conditions-and-Medical-Underwriting-in-the-Individual-Insurance-Market-Prior-to-the-ACA>