

The Potential Health Care Financial Burden for New York Residents under the ACA and Revised BCRA

This fact sheet compares net premiums plus deductibles in 2020 under the Affordable Care Act (ACA) and the revised Better Care Reconciliation Act (BCRA) introduced in the Senate on July 20, 2017. BCRA would significantly broaden age rating in the nongroup market and would reduce premium tax credits for older adults, so we use a single 60-year-old adult as our example to capture the implications of those changes. We present findings for each of the eight rating regions in New York. Regions 1, 3, 4, 5, 6, and 8 are classified as urban or mostly urban; regions 2 and 7 are classified as rural.

We base 2020 premiums and deductibles on the second-lowest-cost Marketplace premium in each rating area in 2017 (inflated for three years of premium and deductible growth), using bronze (60 percent actuarial value) for the BCRA option and silver (70 percent actuarial value) for the ACA. Lower-actuarial value plans have higher out-of-pocket cost requirements (deductibles, co-payments, co-insurance, out-of-pocket maximums) than higher-actuarial value plans. BCRA would tie its premium tax credits to a 58 percent actuarial value plan (which could go as low as 54 percent due to permissible variation) whereas the ACA bronze plans we use here have a 60 percent (+/- 2 percent) actuarial value; still, the bronze ACA plan is a reasonable proxy for analytic purposes. In reality, the BCRA premium would be somewhat lower than the bronze ACA premium, but the BCRA cost-sharing requirements would be somewhat higher. In each rating region, we select the premium and the corresponding deductible for standard coverage or the ACA cost-sharing reduction plan deductible where appropriate. We assume 3:1 age rating under the ACA and 5:1 under BCRA. We also assume New York would use all available BCRA State Stability and Innovation Program funds for reinsurance in the regulated nongroup market; doing so would uniformly lower nongroup insurance premiums in that market.

Premium tax credits limit the direct premium paid by eligible people as a share of their family income in the both the ACA and BCRA. However, the ACA's limits vary by income alone, and BCRA's vary by income and age. Premium tax credits under the ACA are available to eligible people with incomes at or below 400 percent of the federal poverty level (FPL), with caps tied to the cost of the silver plan. BCRA tax credits are available to eligible people with incomes at or below 350 percent of FPL, with caps tied to the cost of a plan with actuarial value of 58 percent.

Under the ACA, an adult with income below 250 percent of FPL who purchases a silver plan with a tax credit is also eligible for cost-sharing reductions (CSRs). With these CSRs, someone with income from 100 to 150 percent of FPL can purchase a 94 percent actuarial value plan for the same required premium as a 70 percent plan. Someone with income between 150 and 200 percent of FPL can purchase an 87 percent actuarial value plan for the same premium as a 70 percent plan, and someone with income between 200 and 250 percent of FPL can purchase a 73 percent actuarial value plan for the same premium as a 70 percent plan. BCRA includes no cost-sharing assistance for nongroup coverage; all the ACA cost-sharing reductions would be eliminated.

We assume that New York would return to the Medicaid eligibility rules it had before the ACA under BCRA.

TABLE 1

Annual Net Premium Plus Deductible for a 60-Year-Old Single New York Resident under the ACA and Revised BCRA by Rating Region, 2020

Rating region	100% of FPL \$12,360		200% of FPL \$24,720		300% of FPL \$37,080		400% of FPL \$49,440	
	ACA	BCRA	ACA	BCRA	ACA	BCRA	ACA	BCRA
Total cost								
1	\$0	\$0	\$240	\$6,990	\$7,790	\$9,200	\$8,990	\$16,210
2	\$0	\$0	\$240	\$6,990	\$6,060	\$9,200	\$7,260	\$14,820
3	\$0	\$0	\$240	\$6,990	\$6,060	\$9,200	\$7,260	\$17,230
4	\$0	\$0	\$240	\$6,990	\$6,060	\$9,200	\$7,260	\$16,700
5	\$0	\$0	\$240	\$8,840	\$6,060	\$11,050	\$7,880	\$16,730
6	\$0	\$0	\$240	\$6,990	\$7,790	\$9,200	\$8,990	\$15,830
7	\$0	\$0	\$240	\$6,990	\$7,790	\$9,200	\$8,990	\$15,840
8	\$0	\$0	\$240	\$6,990	\$6,060	\$9,200	\$7,260	\$16,520
As share of income								
1	0%	0%	1%	28%	21%	25%	18%	33%
2	0%	0%	1%	28%	16%	25%	15%	30%
3	0%	0%	1%	28%	16%	25%	15%	35%
4	0%	0%	1%	28%	16%	25%	15%	34%
5	0%	0%	1%	36%	16%	30%	16%	34%
6	0%	0%	1%	28%	21%	25%	18%	32%
7	0%	0%	1%	28%	21%	25%	18%	32%
8	0%	0%	1%	28%	16%	25%	15%	33%

Source: Urban Institute analysis.

URBAN INSTITUTE

Notes: ACA = Affordable Care Act; BCRA = Better Care Reconciliation Act as introduced in the Senate on July 20, 2017. Net premium is premium minus applicable tax credits; deductible incorporates the ACA's cost-sharing reductions as appropriate.

TABLE 2

Counties in Each Rating Area

Rating area	Counties
1	Albany, Columbia, Fulton, Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, Washington
2	Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming
3	Delaware, Dutchess, Orange, Putnam, Sullivan, Ulster
4	Bronx, Kings, New York, Queens, Richmond, Rockland, Westchester
5	Livingston, Monroe, Ontario, Seneca, Wayne, Yates
6	Broome, Cayuga, Chemung, Cortland, Onondaga, Schuyler, Steuben, Tioga, Tompkins
7	Chenango, Clinton, Essex, Franklin, Hamilton, Herkimer, Jefferson, Lewis, Madison, Oneida, Oswego, Otsego, St. Lawrence
8	Nassau, Suffolk

URBAN INSTITUTE

Acknowledgments

This fact sheet was prepared by Linda J. Blumberg, Erik Wengle, John Holahan, and Caroline Elmendorf. Support for this research was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at <http://www.urban.org/support>.

Copyright © July 2017. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.