

# Potential Coverage and Federal Funding Losses for Massachusetts if *Texas v. United States* Ultimately Overturns the Affordable Care Act

## EXECUTIVE SUMMARY

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*Texas v. United States*, a case currently before the U.S. Court of Appeals for the Fifth Circuit, seeks to overturn the Affordable Care Act (ACA), a major piece of legislation that extends subsidized health insurance coverage to millions of people across the country. The court's decision in the case could be announced any day; however, regardless of the appellate court's decision, the case may go to the Supreme Court. An ultimate finding that overturns the ACA would have widespread implications, affecting every state in the nation. In Massachusetts, the ACA increased and formalized federal funding streams for coverage expansions most of which were already in place. This analysis describes what's at stake for Massachusetts in the *Texas v. United States* case — focusing on what it could mean for the state's health insurance coverage rates and federal funding.

Massachusetts has a longstanding commitment to health care coverage and has successfully collaborated with various stakeholders to develop policies and programs that support access to health insurance coverage. This shared responsibility and commitment enabled Massachusetts to achieve the highest insurance rate in the country even before the ACA was in place, and to maintain that status since. Therefore, even if the courts were to overturn the ACA, history suggests Massachusetts would make every effort to mitigate the impacts on coverage and to maintain near-universal coverage.

However, the federal financing arrangements and coverage programs — both of which are potentially implicated in the *Texas v. United States* case — are an important component of maintaining those gains. Therefore, to help inform an understanding of what

it would take to prevent a significant erosion of Massachusetts' coverage gains, this brief summarizes two main scenarios: 1) a scenario where the ACA is overturned in its entirety and the state is not able to reestablish the subsidized coverage programs that served as a cornerstone of the state's 2006 reform and 2) a scenario where the ACA is overturned, but the state is able to reestablish its 2006 coverage programs. For the latter scenario, we modeled the cost of returning to the 2006 coverage programs both with and without federal participation.

In the first scenario, if the Supreme Court overturns the ACA in its entirety, we estimate the following consequences for Massachusetts:

- 375,000 Massachusetts residents would lose health insurance coverage. The number of uninsured people in the state would nearly triple from about 194,000 to 569,000, and the uninsured rate would climb from 3.5 percent to 10.2 percent of the nonelderly population; see Table 1 on the next page.
- Massachusetts would lose \$2.4 billion in federal health care spending in 2019 dollars. Federal funding for the state's Medicaid program would decline as eligibility is rolled back. Simultaneously, federal funding for premium tax credits (which help individuals afford their coverage in the state's Health Connector, Massachusetts' Marketplace) would cease.
- These dramatic declines in federal spending would directly affect health care providers. It is estimated that the level of uncompensated care sought by uninsured patients would increase by at

least \$400 million in the wake of coverage losses.\* Hospitals and other providers who serve the uninsured would experience more unpaid bills, or “bad debt.”

Again, the findings above assume the ACA is overturned and the federal government does not provide funds to Massachusetts to assist in reestablishing the subsidized coverage programs that served as a cornerstone of the state’s 2006 reforms and led to Massachusetts having the highest coverage rates in the nation. However, given Massachusetts’ long-standing commitment to promoting health insurance coverage, it is important to also highlight a scenario in which the ACA was repealed nationwide and Massachusetts reestablished its subsidized coverage programs as they were pre-ACA under its 2006 health reforms. In this scenario, the state would

still see the number of uninsured grow — by 40,000 people, instead of 375,000 — and state costs would increase substantially:

- If the federal government agreed to the funding arrangement that made Massachusetts’ 2006 coverage expansions possible, federal health care funding for Massachusetts would still shrink by \$1.4 billion per year in 2019 dollars compared with current levels under the ACA, and state spending would have to rise by \$731 million, or 17 percent, in order to reach the pre-ACA coverage levels.
- If Massachusetts were to reestablish the 2006 subsidized coverage programs on its own, without federal funding, the state would have to raise its spending on health care programs by \$1.7 billion compared with current law.

\*This estimate is based on national historical data demonstrating how much uncompensated care is used by people who are uninsured. This estimate does not capture any conditions specific to Massachusetts, like the existence of the Health Safety Net, which likely results in more uncompensated care. These costs are the estimated costs for providers caring for the uninsured who seek health care services and are not able to pay for them. It should be noted that some of the newly uninsured will go without needed health care services, pay out of pocket, or finance services on a credit card.

**TABLE 1. HEALTH INSURANCE COVERAGE DISTRIBUTION OF THE NONELDERLY (THOUSANDS OF PEOPLE)**

	CURRENT LAW (ACA)		FULL ACA REPEAL WITHOUT 2006 SUBSIDIZED COVERAGE PROGRAMS					FULL ACA REPEAL WITH 2006 SUBSIDIZED COVERAGE PROGRAMS				
	#	%	#	%	CHANGE FROM CURRENT	PERCENTAGE-POINT CHANGE	% DIFFERENCE	#	%	CHANGE FROM CURRENT	PERCENTAGE-POINT CHANGE	% DIFFERENCE
<b>INSURED (MINIMUM ESSENTIAL COVERAGE)</b>	<b>5,372</b>	<b>96.5%</b>	<b>4,997</b>	<b>89.8%</b>	<b>-375</b>	<b>-6.7%</b>	<b>-7.0%</b>	<b>5,332</b>	<b>95.8%</b>	<b>-40</b>	<b>-0.7%</b>	<b>-0.7%</b>
Employer	3,295	59.2%	3,429	61.6%	134	2.4%	4.1%	3,394	61.0%	99	1.8%	3.0%
Private Nongroup	351	6.3%	129	2.3%	-222	-4.0%	-63.3%	486	8.7%	135	2.4%	38.4%
• ConnectorCare	228	4.1%	0	0.0%	-228	-4.1%	-100.0%	359	6.5%	132	2.4%	57.7%
• Marketplace with Premium Tax Credits	18	0.3%	0	0.0%	-18	-0.3%	-100.0%	0	0.0%	-18	-0.3%	-99.5%
• Unsubsidized Marketplace	44	0.8%	0	0.0%	-44	-0.8%	-100.0%	0	0.0%	-44	-0.8%	-100.0%
• Other Nongroup	61	1.1%	129	2.3%	68	1.2%	110.3%	126	2.3%	65	1.2%	106.3%
Medicaid/CHIP	1,647	29.6%	1,361	24.4%	-286	-5.1%	-17.4%	1,372	24.7%	-274	-4.9%	-16.6%
• Disabled	295	5.3%	293	5.3%	-1	0.0%	-0.5%	294	5.3%	0	0.0%	-0.2%
• Medicaid Expansion	260	4.7%	0	0.0%	-260	-4.7%	-100.0%	0	0.0%	-260	-4.7%	-100.0%
• Traditional Nondisabled Adult	425	7.6%	420	7.5%	-5	-0.1%	-1.1%	420	7.5%	-4	-0.1%	-1.0%
• Nondisabled Medicaid/CHIP Child	667	12.0%	647	11.6%	-20	-0.4%	-3.0%	658	11.8%	-9	-0.2%	-1.4%
Other Public	79	1.4%	79	1.4%	0	0.0%	0.0%	79	1.4%	0	0.0%	0.0%
<b>UNINSURED</b>	<b>194</b>	<b>3.5%</b>	<b>569</b>	<b>10.2%</b>	<b>375</b>	<b>6.7%</b>	<b>192.6%</b>	<b>234</b>	<b>4.2%</b>	<b>40</b>	<b>0.7%</b>	<b>20.6%</b>
<b>TOTAL</b>	<b>5,566</b>	<b>100.0%</b>	<b>5,566</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5,566</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>

Source: The Urban Institute. Health Insurance Policy Simulation Model (HIPSM), 2019.