



NEWS RELEASE

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NEW ESTIMATES OF PRESIDENTIAL CANDIDATES' HEALTH CARE PLANS FIND GOVERNOR ROMNEY'S PLAN WOULD INCREASE THE NUMBER OF UNINSURED IN EVERY STATE, LEAVING 72 MILLION PEOPLE WITHOUT COVERAGE IN 2022; IMPLEMENTING THE AFFORDABLE CARE ACT WOULD DECREASE UNINSURED TO 27 MILLION PEOPLE IN 2022

More than 17 Million People in Middle-Income Families and Nearly 18 Million Children Would Be Uninsured Under Governor Romney's Plan

Medicare Trust Fund Solvent to 2024 Under the Affordable Care Act, to 2016 Under Romney Repeal

New York, NY, October, 2, 2012—The number of uninsured individuals is estimated to increase in every state and to 72 million nationwide—with children and low- and middle-income Americans particularly hard hit—under Governor Mitt Romney's plan to repeal the Affordable Care Act and replace it with block grants to states for Medicaid and new tax incentives, according to a new Commonwealth Fund report. While the details of Governor Romney's proposals have not been specified, a set of assumptions was made for the report based on similar proposals advanced in the past.

The report finds that 17.9 million children under age 19 are estimated to be uninsured by 2022 under Romney's plan, compared with an estimated 6 million under President Barack Obama's plan to implement the Affordable Care Act. In addition, under Romney's plan, 17.7 million middle-income Americans—those with incomes between about \$32,000 and \$58,000 a year for a family of four—are estimated to be uninsured by 2022, or more than one-third of this income group. By comparison, 3.3 million middle-income families are estimated to be uninsured under the Affordable Care Act. Among families with incomes under \$32,000 a year for a family of four, 38.7 million people are estimated to be uninsured under Romney's plan and 17.2 million under the Affordable Care Act.

“There are stark differences between what each candidate has proposed for our health care system, and this report shines a light on how Americans might be affected, based on their age, their income, and where they live,” said lead report author Sara Collins, vice president for affordable health insurance at The Commonwealth Fund. “The report finds that repealing the Affordable Care Act would significantly increase the number of Americans without health insurance, limiting their ability to get the health care they need and exposing them to burdensome medical bills and debt.”

The report, *Health Care in the 2012 Presidential Election: How the Obama and Romney Plans Stack Up*, analyzes each candidate's plan to address the U.S. health care system's problems and estimates the resulting number of uninsured by age and income level in every state. The comparison relies on results of microsimulation analysis of the candidates' plans conducted by economist Jonathan Gruber, who modeled the effects of the Affordable Care Act, as opposed to repeal of the law and replacement with two Romney proposals: providing states with Medicaid block grants and new tax incentives to purchase individual coverage.

President Obama has identified near-universal health coverage as a goal, and his plan to continue to implement the Affordable Care Act will reduce the number of uninsured nationwide, according to the analysis by Commonwealth Fund researchers Sara Collins, Stuart Guterman, Rachel Nuzum, Mark Zezza, Tracy Garber, and Jennie Smith. Romney has said he would repeal the Affordable Care Act; change Medicaid to a block grant program; use tax incentives to encourage people to buy individual health plans; and introduce more private plans to Medicare while providing beneficiaries with a specified sum of money, adjusted for health and income, to buy the plan they choose.

The report finds that young adults and baby boomers would also have better access to secure health insurance coverage under the Affordable Care Act, with an estimated 7.2 million young adults ages 19–29 remaining uninsured in 2022, compared with more than 18.6 million estimated to be uninsured under Romney's plan. Among older adults ages 50–64, 4.9 million are estimated to be uninsured in 2022 under the Affordable Care Act, while nearly 11.8 million would be uninsured under Romney's plan.

State Impact

Under the Romney plan, the number of uninsured is estimated to increase in every state, and rise to 72 million nationwide by 2022, the report finds. Under the Affordable Care Act, 27 million Americans are estimated to be uninsured in 2022. The analysis finds:

- People in southern and western states would benefit significantly from the Affordable Care Act. By 2022, when the law is fully implemented, uninsured rates are estimated to fall by more than 15 percentage points in 11 states (Alaska, Arkansas, Florida, Georgia, Idaho, Louisiana, Mississippi, Montana, New Mexico, South Carolina, and Texas).
- The Affordable Care Act is estimated to reduce the uninsured rate from 10 percent to 15 percent in 13 states across the South and West, as well as in New York and the District of Columbia, and to less than 10 percent in the rest of the states.
- Under Romney's proposal, 30 percent or more of the under-65 population in nine states, mostly in the South and West, are estimated to be uninsured by 2022 (Arkansas, California, Florida, Louisiana, Mississippi, Nevada, New Mexico, South Carolina, and Texas). In 21 states, a quarter or more of the under-65 population might be without health insurance.

“The Affordable Care Act has, since its passage in 2010, already provided millions of Americans with access to more secure insurance coverage and needed health care,” said Commonwealth Fund president Karen Davis. “It is critical that state and federal policymakers continue to work to put us on a path to achieving a high performance health care system that guarantees near-

universal, affordable, and comprehensive health insurance coverage, and a health care system that provides high-quality, safe care.”

Medicare

The Commonwealth Fund report finds significant differences in each candidate’s treatment of Medicare. Romney’s commitment to repealing the Affordable Care Act would eliminate the phasing out of the “doughnut hole” in the prescription drug benefit, beneficiaries’ free annual wellness visit, and preventive care with no cost-sharing. Romney’s plan would also eliminate an estimated \$716 billion in cost savings and, over time, raise the Medicare eligibility age to 67. Converting Medicare to a premium support program, as Romney has proposed, might raise beneficiaries’ out-of-pocket costs if the premium allowances failed to keep pace with health care cost growth. Without the reform law’s provisions, the Medicare Hospital Insurance Trust Fund would be depleted by 2016, rather than 2024, as currently projected under the Affordable Care Act.

Additional Differences Between the Candidates’ Plans

- **Affordable Health Insurance:** Under the Affordable Care Act, people buying individual plans through health insurance exchanges or the individual market would spend an average of 9.1 percent of their incomes on premiums and out-of-pocket costs, compared with 18.1 percent in the absence of the Affordable Care Act. If Romney’s proposal to equalize the tax treatment of individual and employer-based plans were accomplished by offering an income tax deduction for people who purchase individual health insurance, those buying individual plans would spend an average of 14.1 percent of their income on premiums and out-of-pocket costs.
- **Consumer Protections:** The Affordable Care Act imposes sweeping new rules on insurers to protect consumers in the health care marketplace. Some of these rules have already been implemented, including a ban on rescissions (insurers cancelling coverage when a beneficiary gets sick), bans on lifetime benefits, a phased-in ban on annual benefit limits, no longer allowing insurers to turn away children with preexisting conditions, and requiring insurers to cover preventive care without copayments from beneficiaries. Starting in 2014, insurers will no longer be able to deny or restrict coverage, or charge higher premiums, based on preexisting health conditions. Romney’s plan to repeal the Affordable Care Act would rescind all of these protections. Romney has said that he would prevent discrimination against people with preexisting conditions who maintain continuous coverage.
- **Small Business:** Under the Affordable Care Act, small businesses with low-wage workforces of fewer than 25 employees are eligible for tax credits to offset health insurance premium costs. About 170,000 small-business owners claimed the credits in 2010, and the President Obama has proposed increasing the eligibility to include businesses with up to 50 employees. Under Romney’s plan, small businesses currently eligible for the tax credits would lose them. Romney has proposed encouraging small businesses to form purchasing pools to buy health insurance.

- **Health Care Costs:** A Congressional Budget Office analysis has determined that repealing the Affordable Care Act would increase the federal deficit by \$109 billion between 2013 and 2022, as new federal spending reductions and revenues in the Medicare program and other areas under the law would be lost along with the coverage expansions. Governor Romney would replace these spending reductions and revenues by reducing federal funding to states for their Medicaid programs and in Medicare through the new premium support program.

The report is framed around how the candidates' plans perform on seven key issues: health insurance coverage, insurance affordability, consumer protection, consumer choice, help for small business, improving Medicare, and improving health care quality and slowing spending growth. On these seven questions, "The Affordable Care Act would likely outperform Romney's plan to repeal the law and replace it with fewer federal requirements and funding in insurance markets and the Medicaid and Medicare programs," the authors conclude.

The report is available at: <http://www.commonwealthfund.org/Publications/Fund-Reports/2012/Oct/Health-Care-in-the-2012-Presidential-Election.aspx>.

Methodology and Assumptions

Estimates are from Jonathan Gruber, professor of economics at Massachusetts Institute of Technology, based on the Gruber Microsimulation Model (GMSIM). The modeling approach used is the type used by the U.S. Treasury Department, the Congressional Budget Office (CBO), and other government entities. The U.S. Census Bureau's Current Population Survey (CPS) is the primary data source in the GMSIM. These data are augmented by health expenditure and premium data from the Medical Expenditure Panel Survey (MEPS), as well as by data from the Kaiser Family Foundation on public program expenditures and eligibility.

To evaluate the effects of the candidates' proposals on health insurance coverage, Gruber modeled three policy scenarios: the baseline, or what insurance coverage would be if the Affordable Care Act had not been implemented; the Affordable Care Act fully implemented, with all states participating in the Medicaid expansion; and Governor Romney's proposals to provide federal block grants to states for their Medicaid programs and provide the same tax advantages to people who buy coverage on their own as those who get insurance through an employer.

Because Romney has not yet fleshed out the details of these two proposals, a set of assumptions was made for each. For the Medicaid block grant proposal, it was assumed that: 1) block grants to states would grow at the rate of growth in the consumer price index plus 1 percent;* 2) states would match this lower rate of spending growth in their share of Medicaid spending; 3) states would meet these new spending limits through cuts in Medicaid costs, such as lower provider payments or reduced benefits (50%) and through reduced eligibility for the program (50%); 4) states would maintain existing eligibility for the elderly and disabled in the Medicaid program, so that any eligibility cuts needed to meet spending targets will come from reduced eligibility of nonelderly, nondisabled program enrollees. For Romney's proposal to give tax advantages to individually purchased plans, Gruber modeled a scenario where people who purchase health insurance in the individual market could deduct their premiums from their income on an "above the line" basis—that is, a deduction available to all, not just those who itemize their taxes.

*In an earlier version of the report and press release, it was incorrectly stated that block grants would grow at the rate of population growth plus 1 percent.

The Commonwealth Fund is a private foundation supporting independent research on health policy reform and a high performance health system.