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FISCAL IMPACT REPORT

SPONSOR Thomson ORIGINAL DATE _____
LAST UPDATED 02/08/17 HJM 7
SHORT TITLE Impact of Affordable Care Repeal SB _____
ANALYST Boerner

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 172 and House Bill 101 which would enact the Health Security Act to provide for comprehensive statewide health care, the development of a health security plan, and the creation of a commission. The Tort Claims Act is amended.

Relates to SJM 23 which New Mexico congressional delegation be called upon to urge their colleagues in the U.S. Congress to support measures to protect the Indian Health Care Improvement Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of Bill

House Joint Memorial 7 (HJM7) seeks to have the Superintendent of Insurance convene a task force to study the impact of an Affordable Care Act (ACA) repeal, in full or in part, on New Mexico and its citizens.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

OSI reports it recently completed letters to both the U.S. House of Representatives and the U.S. Senate (found here –

http://www.osi.state.nm.us/MiscPages/docs/newsroom/Letter_Rep_McCarthy.pdf and here - <http://www.osi.state.nm.us/MiscPages/docs/newsroom/Sen%20Alexander%20Response%20Letter%20-%201.20.17%20-%20Signed%20Final.pdf>).

The letters outline the significant impact that could potentially result from repeal of the Patient Protection and Affordable Care Act (ACA). The stakeholders identified in this memorial (state officials, legislators, health care providers, health consumer advocates, health insurance carriers, representatives from the New Mexico health insurance exchange board of directors) will certainly be impacted and OSI indicated it would compile their feedback and report it to the governor, the Human Services Department, the Department of Health and the Legislative Health and Human Services Committee.

Nevertheless, despite the current uncertainty experts have been studying the possible impacts of partial or full repeal of the ACA. The Urban Institute and Commonwealth Fund both recently published reports analyzing the potential impacts of such actions on the U.S. and in individual states. Summaries and links to the documents are provided below.

In a study from December 2016, the Urban Institute published *Implications of Partial Repeal of the ACA through Reconciliation*

(http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation_1.pdf) in which it compares future health care coverage and government health care spending under the ACA and under passage of a reconciliation bill similar to one vetoed in January 2016. The report was in response to early indications that Congress was considering partial repeal of the ACA through the budget reconciliation process. The report explains that since only components of the law with federal budget implications can be changed through reconciliation, this approach would permit elimination of the Medicaid expansion, the federal financial assistance for Marketplace coverage (premium tax credits and cost-sharing reductions), and the individual and employer mandates; it would leave the insurance market reforms (including the nongroup market's guaranteed issue, prohibition on preexisting condition exclusions, modified community rating, essential health benefit requirements, and actuarial value standards) in place. For New Mexico, the study found total federal and state spending on Medicaid/CHIP and Marketplace Assistance under an anticipated reconciliation bill would fall by \$30.3 million in state and federal spending, about \$2.7 billion of which was state general fund. Further, the number of uninsured could more than double, increasing by 136 percent.

In a January 2017, the Commonwealth Fund released a study, *Repealing Federal Health Reform: Economic and Employment Consequences for States*, to determine the state-by-state effect of the full repeal of ACA on employment and economic activity.

<http://www.commonwealthfund.org/publications/issue-briefs/2017/jan/repealing-federal-health-reform>. This study is based on the premise that the Trump administration and Republicans in Congress are seeking to repeal the ACA, likely beginning with the law's insurance premium tax credits and expansion of Medicaid eligibility. This research showed that the loss of these two provisions would lead to a doubling of the number of uninsured, higher uncompensated care costs for providers, and higher taxes for low-income Americans. For New Mexico, the study

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found that in the private and public sector, 19,000 jobs would be lost in 2019, 42 percent of which would be in the health care sector; 13 percent in the retail trade; 10 percent in construction and real estate; and 28 percent in the other category. Further, from 2019 to 2023, the state would lose \$10.1 billion in gross state product taxes, \$17.3 billion lost in business output, and \$380.3 million lost in state and local taxes.

CB/jle

The Economic and Employment Consequences of Repealing Federal Health Reform:

NEW MEXICO

January 6, 2017

Overview

The incoming administration and Congress have placed a high priority on repealing key parts of the Affordable Care Act, including:

- **federal premium tax credits** that help low and middle income Americans afford insurance policies bought through the health insurance marketplaces and
- **federal payments to states for expansions of Medicaid** eligibility for low-income adults.

Other research has shown that repeal could double the number of Americans who are uninsured. This nonpartisan study by researchers at the George Washington University examines the economic, employment, and fiscal effects of repealing these policies for every state in the nation.

Nationally, repeal would lead to **2.6 million jobs lost** in 2019, ranging from 334,000 jobs lost in California to 4,000 jobs lost in Wyoming. About one-third of the jobs lost would be in health care, but the majority are in other industries like construction, real estate, retail trade, finance, and insurance.

Gross state products would fall by **\$1.5 trillion** between 2019 and 2023, while business output would drop **\$2.6 trillion**. As a result, state and local tax revenues would also decline by **\$48 billion** over five years.

Contrary to the common misconception that the health reform law has been a “job killer,” this study indicates that repeal of these policies, without sound replacement policies, could cause major job losses and economic dislocation in every state, even in states that have not expanded their Medicaid programs.

While health reform repeal would dramatically increase the number of uninsured and harm access to health care, particularly for low- and moderate-income Americans, this analysis demonstrates that the consequences could be broader and extend well beyond the health care system. Repeal could trigger major reductions in employment and substantial losses in state economic activity and state and local revenues.

Key Findings in New Mexico

In New Mexico, repeal of premium tax credits and Medicaid expansion would result in:

Jobs Lost in 2019

Private & Public Sector	19,000 jobs lost
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Jobs Lost by Sector in 2019

	Number	Percent
Health Care	7,800	42%
Construction & Real Estate	1,900	10%
Retail Trade	2,400	13%
Finance & Insurance	600	3%
Other	5,300	28%
Public	800	4%

Revenue & Taxes Lost (2019-2023)

Gross State Product	\$10.1 billion lost
Business Output	\$17.3 billion lost
State and Local Taxes	\$380.3 million lost

More Information

“Repealing Federal Health Reform: Economic and Employment Consequences for States” at: <http://www.commonwealthfund.org/Publications/Issue-Briefs/2017/Jan/Repealing-Federal-Health-Reform>

“The Economic and Employment Consequences of Repealing Federal Health Reform: A 50 State Analysis” at: https://publichealth.gwu.edu/sites/default/files/downloads/HPM/Repealing_Federal_Health_Reform.pdf



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