



## Under the Republican Health Care Plan's "Age Tax" Premiums Spike for Older Americans

Republicans in the U.S. House of Representatives passed the American Health Care Act (AHCA), which will result in higher Marketplace premiums and less security for Americans aged 50-to-64.

**AHCA Rolls Back Protections for Older Americans.** The Republican health care plan would let insurers charge older Americans five times more than younger Americans for the same coverage in the individual market. Current law prohibits insurers from charging older Americans more than three times what they charge younger Americans. AARP/Milliman estimates that this Republican age tax would raise premiums for adults ages 60 and older by an average of \$3,200 or 22 percent. The age tax would increase premiums for adults ages 50-to-59 years-old by an average of \$1,500 or 13 percent.<sup>1</sup>

The age tax is coupled with the Republican plan to slash the tax credits that help make coverage more affordable for older Americans. The non-partisan Congressional Budget Office (CBO) has said "(u)nder the act, premiums for older people could be five times larger than those for younger people in many states, but the size of the tax credits for older people would be only twice the size of the credits for younger people" starting in 2020.<sup>2</sup> Even in 2018, the combined effect of the age tax and other changes would mean the premiums for some older Americans could increase by at least 50 percent.<sup>3</sup>

**Republican Health Care Plan Means Older Americans Pay More, Get Less.** The Republican plan takes other steps that threaten coverage for older Americans.

The plan takes away the requirement that insurers offer low-deductible health plans. This could result in as much as a \$1,550 increase in deductibles.<sup>4</sup> Additionally, it allows states to opt

out of key protections for consumers like coverage of essential health benefits (EHBs) and the ban on annual and lifetime dollar limits on these benefits. The CBO concludes, "Some people would have increases of thousands of dollars in a year. For example, enrollees who use expensive drugs could see large increases in out-of-pocket spending because, in states that excluded prescription drug benefits from EHBs, the ban on annual and lifetime limits on covered benefits would no longer apply."<sup>5</sup>

Under AHCA, states also can allow insurance companies to charge individuals with pre-existing conditions more for coverage. This will likely disproportionately impact costs for older Americans, including the millions of older adults with conditions such as Alzheimer's, cancer, heart disease, and diabetes.

**AHCA is a Bad Deal for Older Americans.** AHCA raises older Americans' premiums with a new age tax, cuts the tax credits needed to make their premiums affordable, allows for reductions in coverage for benefits like prescription drugs, and returns to discrimination based on pre-existing conditions.

- ❖ **AHCA discriminates against older Americans with a new age tax.**
- ❖ **AHCA puts older Americans' financial security at risk with cuts to their tax credits.**
- ❖ **AHCA threatens to dramatically increase out-of-pocket costs for some older Americans.**
- ❖ **AHCA allows insurance companies to once again discriminate against people with pre-existing conditions.**

<sup>1</sup> Sung, Jane and Olivia Dean. *Impact of Changing the Age Rating Limit for Health Insurance Premiums*. AARP Public Policy Institute. February 2017. [http://www.aarp.org/content/dam/aarp/ppi/2017-01/Final\\_Spotlight\\_Age\\_Rating\\_Feb7.pdf](http://www.aarp.org/content/dam/aarp/ppi/2017-01/Final_Spotlight_Age_Rating_Feb7.pdf)

<sup>2</sup> *Congressional Budget Office Cost Estimate: H.R. 1628, American Health Care Act of 2017*. Congressional Budget Office. May 24, 2017. p. 20. <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>

<sup>3</sup> Lambrew, Jeanne. *Republicans, Get Ready for the Trumpcare Headlines*. The New York Times. May 24, 2017. [https://www.nytimes.com/2017/05/24/opinion/republicans-get-ready-for-the-trumpcare-headlines.html?\\_r=0](https://www.nytimes.com/2017/05/24/opinion/republicans-get-ready-for-the-trumpcare-headlines.html?_r=0)

<sup>4</sup> Altman, Drew. *Why Deductibles Would Rise Under the GOP Health Care Plan*. Kaiser Family Foundation. March 22, 2017. <http://kff.org/health-reform/perspective/why-deductibles-would-rise-under-the-gop-health-care-plan/>

<sup>5</sup> *Congressional Budget Office Cost Estimate: H.R. 1628, American Health Care Act of 2017*. p. 26.