Talking points on Hospital Field's Contribution to Coverage in the ACA

- When the ACA passed in March 2010, CBO estimated that the law would expand coverage to 32 million[1] individuals at a cost of approximately $1 trillion over 10 years (federal fiscal years 2010-2019).

- Approximately half of the $1 trillion was paid for through new taxes and fees (increased revenue) and the other half through reductions in federal spending (decreased expenses).

    - Sources of new revenue included: excise tax on high premium insurance plans, the health insurance providers' fee, pharmaceutical manufacturers' fee, the medical device manufacturers' fee, and penalties paid by businesses and uninsured individuals, among others.

    - Sources of spending reductions included: cuts to Medicare Advantage plans, long-term care insurance, and payments to hospitals, among others.

- Of the $500 billion in spending reductions, approximately $155 billion was taken from hospitals.

    - The $155 billion includes cuts in market basket updates (and productivity adjustments), cuts in Medicare and Medicaid disproportionate share hospital payments, and payment reductions associated with delivery system reforms (e.g., readmissions, hospital-acquired conditions).

- Of the almost $1 trillion obtained to pay for the ACA, about 47 percent will go to premium and cost-sharing subsidies, 45 percent will go to increased federal spending on Medicaid and CHIP, and 4 percent to small employer tax credits, with the remainder for other services and savings to the Medicare trust fund.

    - Hospitals were estimated to receive approximately $140 billion in new revenue from the newly insured.

[1] 95 percent of all those legally residing the U.S./92% of those residing in the country