



# **URBAN TAX CUTS, RURAL HEALTH CUTS: THE AHCA'S EFFECT ON COLORADO**

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# TABLE OF CONTENTS

Executive Summary .....	ii
Section one : The ACA Has Greatly Benefited Colorado .....	1
Section two: The AHCA Will Reverse the ACA’s Progress. ..	4
Under the AHCA, major changes to the private insurance provision will reduce access and increase costs for low- and moderate-income Coloradans .....	4
Major changes to the Medicaid program under the AHCA will shift costs to states and impact rural communities .....	7
The AHCA’s per-capita cap won’t allow Colorado to address actual costs. ....	8
Section three: Rural Counties Lose Under the AHCA, the Impact of the AHCA with Five Maps .....	10
Map 1: Medicaid Population by County .....	10
Map 2: Medicaid Expansion Population by County .....	11
Map 3: Counties that Benefit From and Are Hurt by the AHCA .....	12
Map 4: Impact of Medicaid Expansion Rollback and AHCA Private Insurance Provisions on Jobs by County .....	13
Map 5: Impact of Medicaid Expansion Rollback and AHCA Private Insurance Provisions on GDP by County ..	14
Section four: The AHCA Will Hurt Other State Services. ....	15
Appendix A. ....	17
Appendix B .....	18
Appendix C .....	19
Appendix D .....	20
Appendix E .....	21
Appendix F .....	22

## EXECUTIVE SUMMARY

Colorado has been a leader in health care in the United States. Our state expanded Medicaid prior to the passage of the Affordable Care Act, and we were one of the first states to set up an insurance exchange to help the uninsured find coverage after the ACA passed.

These efforts paid mighty dividends in the form of reducing the number of uninsured Coloradans from 14.3 percent of the population in 2013 to 6.7 percent by 2015. Nowhere have the benefits of this been felt more greatly than in rural Colorado, where thousands and thousands of people have gained regular access to health care, many for the first time in their lives.

And Colorado lawmakers just ended a contentious session this year by hammering out a grand bargain to ensure that dozens of rural hospitals across the state would not close.

The House-passed American Health Care Act (AHCA), which is the starting point for the Senate's effort to repeal the ACA, threatens to undo this historic progress. The AHCA would dramatically cut the federal dollars available to states to cover people enrolled in Medicaid expansion coverage. This would likely soon force Colorado to eliminate Medicaid expansion coverage for roughly 450,000 Coloradans, hitting rural counties the hardest. That's because a far higher percentage of rural residents rely on the ACA's Medicaid expansion for coverage. For example, in Costilla County, 18 percent of residents rely upon the expansion, while in Alamosa County that number is 15 percent and in Saguache and Huerfano counties, it's 14 percent.

This is only the percentage of folks who rely upon the Medicaid *expansion*. When you include traditional Medicaid, the total population with Medicaid coverage in many rural counties tops 40 percent. In Costilla County, it is 54 percent.

In urban counties, a far smaller percentage of the population relies on the Medicaid expansion, which covers only 4 percent of Broomfield County residents, 6 percent of Jefferson County residents, 2.6 percent of Douglas County residents and 6 percent of Boulder County residents. Urban counties also rely far less heavily on Medicaid generally.

These urban counties, on the other hand, will come out as huge winners when you take into account the hefty tax cuts for upper income earners under the AHCA. In fact, 75 percent of the households that will see benefits from the tax cuts under the AHCA are in the Denver metro area.

The AHCA will also hurt Colorado's economy, with 16,030 jobs being lost statewide by 2020. But rural counties will lose double the number of jobs their urban counterparts will as a proportion of total jobs, with a projected \$158 million loss in wages.

The AHCA would put great new pressure on the state budget by dramatically cutting the amount of



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federal Medicaid dollars Colorado receives. This would force the state to come up with an additional \$800 million to maintain the Medicaid expansion that occurred under the ACA. Meanwhile, the AHCA's new structure of a per-capita cap on funding for traditional Medicaid would cut Medicaid even further, forcing the state to come up with an additional \$165 million per year just to cover the traditional populations, such as senior citizens and disabled and poor children.

These cuts would force Colorado to slash spending for Medicaid, for other services, or for both. The AHCA would pit the health of our rural, elderly and disabled citizens against the needs of our schoolchildren, college students, and motorists.

And it would do it all so that wealthy residents, overwhelmingly from the Denver area, could get a tax break while rural Coloradans get the shaft.

This report examines — down to the county level — how many people in Colorado will lose coverage under the AHCA, how many will lose their ACA premium tax credits, how many will benefit from tax cuts and how the AHCA will affect local economies and the state budget.



## SECTION ONE: THE ACA HAS GREATLY BENEFITTED COLORADO

The Affordable Care Act (ACA) brought sweeping changes to the health care system in Colorado. It requires all individuals to have health insurance or pay a penalty. It allowed states to set up marketplaces or exchanges where people could compare and purchase health care plans and receive federal help through tax credit subsidies in paying the monthly premium. The subsidies are based on an individual's income and are available to families and individuals with incomes up to 400 percent of the federal poverty level (FPL). The ACA further requires private health insurance companies to offer plans with ten essential health benefits, such as coverage for prescription drugs and hospitalizations, and prevents insurers from imposing lifetime or annual coverage limits, denying coverage for pre-existing conditions or rating based on health status. The ACA also restricts how much insurance companies can charge people based on their age, geography and tobacco use. And finally, the ACA allows for the expansion of the state/federal public health insurance program known as Medicaid and broadened prescription drug coverage in Medicare, the federally funded health insurance program for seniors and people with disabilities.<sup>1</sup>

Colorado led the way in implementing the ACA, being one of the first states to establish a state exchange and expand Medicaid. By doing so, Colorado made critical gains in providing health care coverage to nearly all its residents. By 2015, the rate of uninsured Coloradans dropped to a historic low of 6.7 percent, compared to 14.3 percent in 2013, the year before the ACA was fully implemented.<sup>2</sup> More than 500,000 Coloradans have regular access to health care, some for the first time in their lives, because of the ACA. Young people, low-income people, children and rural Coloradans saw the greatest benefits. Veterans were also major beneficiaries, seeing their uninsured rates drop from 8.2 percent in 2013 to 4.9 percent in 2015.<sup>3</sup> Those with pre-existing conditions could also receive insurance despite their conditions. In Colorado, more than 2 million individuals have a pre-existing condition, according to the U.S. Department of Health and Human Services.<sup>4</sup> The bulk of these people, more than 400,000, gained coverage through the provisions of the ACA that expanded Medicaid. Today, roughly 1.3 million low-income adults and children, disabled and elderly Coloradans rely on Medicaid for their health care coverage.

*Colorado led the way in implementing the ACA, being one of the first states to establish a state exchange and expand Medicaid.*

The remainder of newly insured Coloradans buy a private plan through the state health care exchange, Connect for Health Colorado (C4HCO), and many receive a subsidy based on their income to help them afford their monthly premiums. In 2016, more than 175,000 Coloradans had purchased a plan through Connect for Health Colorado and 55 percent of those consumers received a tax credit worth an average of \$237 a month. Altogether, Coloradans received a total of \$318 million in federal subsidies to help make their health insurance affordable.<sup>5</sup>

1 <http://www.kff.org/interactive/proposals-to-replace-the-affordable-care-act>

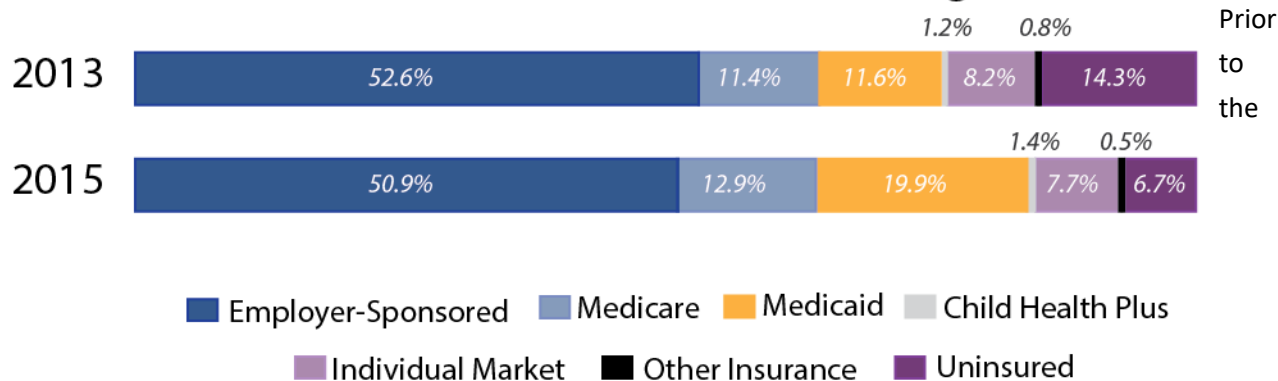
2 <http://www.coloradohealthinstitute.org/research/impacts-affordable-care-act-0>

3 <http://www.urban.org/sites/default/files/publication/89756/2001230-veterans-saw-broad-coverage-gains-between-2013-and-2015.pdf>

4 <https://aspe.hhs.gov/compilation-state-data-affordable-care-act>

**Figure 1:**

## Colorado Health Insurance Coverage



Colorado Health Institute

passage of the ACA, many adults, working in low-wage jobs that didn't offer health insurance or affordable insurance, were simply uninsured. The ACA changed that by allowing low-income adults without children or disabilities to gain coverage through the Medicaid program. Medicaid is a health insurance program that is jointly paid for by the federal and state government. The federal government provides a matching dollar for every dollar that Colorado spends on eligible services for eligible enrollees. The match rate for states changes based on a formula, but historically in Colorado the federal match rate or Federal Medical Assistance Percentage (FMAP) has been one to one, i.e. for every \$1 the state spends, the federal government matches with \$1. The federal government has met its responsibility regardless of the number of eligible people who enroll or increases in the cost of eligible services. Essentially, the federal government views Medicaid and its responsibility for helping ensure that all Americans have access to health coverage as a "mandatory" or "entitlement" program.<sup>6</sup>

The ACA changed both Medicaid's eligibility rules and the matching rate. For the first time in Colorado, it allowed adults without children and incomes below 138 percent of the federal poverty level (FPL), or about \$16,000 per year, to enroll in Medicaid. These low-income, working adults were previously ineligible and usually uninsured. The ACA also allowed low-income parents with incomes between 69 percent and 138 percent of FPL to be covered by Medicaid. It required that children in families with incomes up to 147 percent of FPL and pregnant women with income up to 200 percent of FPL be eligible for Medicaid, although Colorado had already instituted these eligibility thresholds.<sup>7</sup>

The ACA gave states the option to expand eligibility for Medicaid and, as an incentive, offered states an enhanced federal match to cover the costs of that expansion. The federal government picked up the full tab for covering these expanded Medicaid populations for the first three years. The match rate dropped from 100 percent to 95 percent in 2017 and will decline slightly each year until 2020, where it will remain at 90 percent, according to current law.

While the ACA is working in Colorado, challenges remain. Rural Coloradans have benefited the most from the

5 [http://connectforhealthco.wpengine.netdna-cdn.com/wp-content/uploads/2016/09/Connect-for-Health-Colorado-2016-Annual-Report\\_FINAL.pdf](http://connectforhealthco.wpengine.netdna-cdn.com/wp-content/uploads/2016/09/Connect-for-Health-Colorado-2016-Annual-Report_FINAL.pdf)  
6 <http://www.kff.org/medicaid/issue-brief/medicaid-financing-how-does-it-work-and-what-are-the-implications/>  
7 <http://www.coloradohealthinstitute.org/research/impacts-affordable-care-act-0>

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ACA with high percentages of residents receiving both tax subsidies or Medicaid. Rural hospitals and rural economies that serve these residents rely on the federal funding that flows to their towns and counties through the ACA. However, the number of individual and small group private plans being offered to rural communities continues to shrink and costs remain high for consumers.

Increasing costs is a challenge for the state as well. According to the Colorado Health Institute (CHI), based on current law (90 percent/10 percent match for expansion), Colorado will spend an additional \$222 million to cover its 10 percent share of the expansion in 2020.<sup>8</sup> If the federal government shifts more costs to the state by changing the enhanced match or altering the basic structure of the financing of the Medicaid program- as it would under the House-passed AHCA- that number will rise substantially.

*Today, roughly 1.3 million low-income adults and children, disabled and elderly Coloradans rely on Medicaid for their health care coverage.*

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8 <http://www.coloradohealthinstitute.org/research/impacts-affordable-care-act-0>

## SECTION TWO: THE AHCA WILL REVERSE THE ACA'S PROGRESS

While the ACA has made health care accessible to thousands of Coloradans, there have been a number of challenges to accessing care and reducing costs, especially in rural and mountain communities in our state. Critics of the ACA have offered up several options that attempt to address the cost and inefficiencies found in the current private and public health care systems, the most recent being the American Health Care Act (AHCA). Unfortunately, the AHCA doesn't do enough to address inefficiencies in the current system, while it reduces access to care and increases costs for consumers and the state. In addition, the major provisions of the AHCA make several changes to both the private and public health care systems that would direct money back to the wealthiest Coloradans. This Robin-Hood-in-reverse effect will mean significant losses for middle- and low-income Coloradans and significant gains for upper income Coloradans.

*Under the AHCA, major changes to the private insurance provision will reduce access and increase costs for low- and moderate-income Coloradans*

The AHCA repeals several of the provisions from the Affordable Care Act that made private health insurance accessible to more Coloradans. Premium subsidies, cost sharing reductions, guaranteed coverage of pre-existing conditions and mandates are all at risk under the bill.

Premium tax credits (or premium subsidies) reduce the out-of-pocket premium costs for health coverage, making insurance more affordable for 62 percent of Coloradans enrolled in the marketplace.<sup>9</sup> In addition to tax subsidies, more than a quarter of Coloradans in the marketplace also benefit from cost sharing reductions. Cost sharing subsidies reduce deductibles, co-pays and other out-of-pocket cost-sharing for people with income up to 250 percent of the federal poverty level. Together, these two subsidies save Coloradans nearly \$400 million in out-of-pocket costs, according to Connect for Health Colorado. The AHCA would end the cost-sharing subsidy and, in 2020, replace the ACA's credit with one that varies only by age, with more generous subsidies for higher income individuals and young, healthy Coloradans (see table 1). The credit begins phasing out at an income of \$75,000.

*Premium subsidies, cost sharing reductions, guaranteed coverage of pre-existing conditions and mandates are all at risk under the bill.*

The credits are a flat dollar amount adjusted for age. As individuals earn more, the credit amount reduces.

Families can claim credits for up to five members, up to \$14,000 per year total. Tax credits will reduce to zero at \$290,000 for couples claiming the maximum family credit amount. Due to the generous income threshold, a significant number of high-earning households will benefit. In comparison, the current tax subsidies under the ACA are more targeted and benefit those who struggle with out-of-pocket costs.

Pre-existing condition coverage could also be at risk. The "MacArthur Amendment" allows states to apply for

9 <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-06-30.html?DLPage=1&DLEntries=10&DLSort=0&DLSortDir=descending>



**Table 1: AHCA Tax Credits**

Age	Annual Credit Amount	Zeroes Out At
Up to 29	\$2,000 per individual	\$95,000 single filer \$190,000 joint filers
30-39	\$2,500 per individual	\$100,000 single filer \$200,000 joint filers
40-49	\$3,000 per individual	\$105,000 single filer \$210,000 joint filer
50-59	\$3,500 per individual	\$110,000 single filer \$220,000 joint filers
60 and older	\$4,000 per individual	\$115,000 single filer \$230,000 joint filers

a waiver that would reduce access to care for those with pre-existing conditions. In states that seek a waiver, people could be charged more based on their health history or insurers could exclude certain medical benefits, like maternity care, mental health services, treatment for substance abuse disorders, and prescription drugs. Letting states roll back essential health benefits could lead to skimpy plans that don't cover the service people need and higher out-of-pocket costs.<sup>10</sup>

The bill also contains provisions that make significant changes to the way many ACA provisions are financed. The ACA financing structure increased taxes on higher income earners who are not faced with the same burden of costs and access. This included a Medicare payroll tax, net investment tax and taxes on health savings account (HSA) distributions that are not used for qualified medical expenses. The AHCA looks to repeal these financing pieces, directly benefiting those who make \$200,000 or more a year. While middle- and low-income families face significant cuts to the provisions of the ACA that make care more affordable, higher income Coloradans will be getting back hundreds of millions of dollars between now and 2020. These provisions alone amount to \$23 billion nationally in 2016, and \$432 million in Colorado, according to CFI analysis of CBO data (see Appendix D).

The AHCA also lowers the threshold that is used to determine the medical expenses deduction. Currently an individual taxpayer can claim an itemized deduction for medical expenses that are greater than 10 percent of income (AGI). The AHCA would reduce that threshold from 10 percent to 7.5 percent. The lower threshold would mean more taxpayers would benefit. However, the majority of those who will benefit from this lower threshold are upper income taxpayers as a majority of the tax breaks will go to taxpayers with incomes over \$100,000.

The final, major repeal under the AHCA private market provisions is the repeal of individual and employer mandates. Under the ACA, employers who have 50 or more full-time employees are required to provide their employees with health insurance or must pay a penalty. Similarly, individuals who do not enroll in coverage of some type or qualify for a coverage exemption must pay a penalty. The individual penalties under the ACA encourage more individuals, especially healthy and young individuals, to sign up for insurance, and repealing this provision would raise premiums by 20 percent, according to the Congressional Budget Office.<sup>11</sup> Together, the employer and individual coverage requirements increase coverage for Coloradans.

10 [http://www.cbpp.org/research/health/if-senate-republican-health-bill-weakens-essential-health-benefits-standards-it#\\_ftnref1](http://www.cbpp.org/research/health/if-senate-republican-health-bill-weakens-essential-health-benefits-standards-it#_ftnref1)

11 <https://www.cbo.gov/budget-options/2016/52232>

Figure 2:

## Low-Income Lose while Upper-Income Gain under AHCA

Gains/Losses under the American Health Care Act by Income Distribution in Colorado

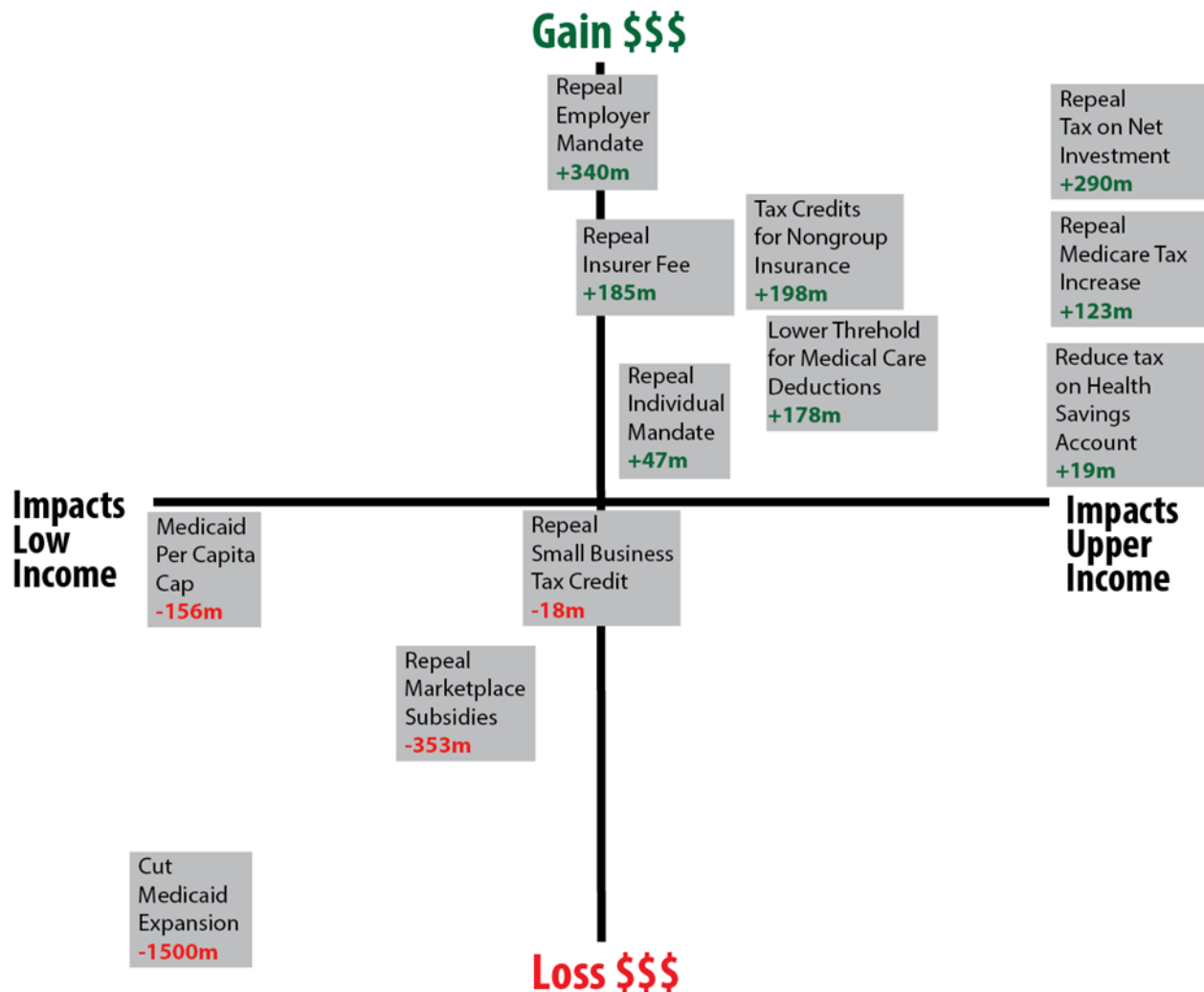
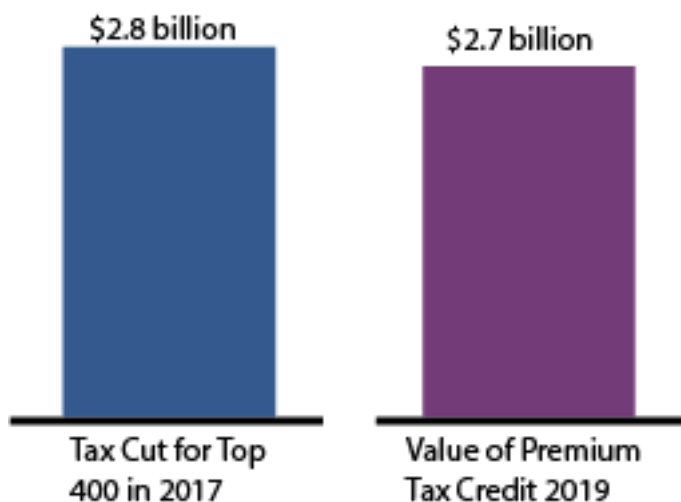


Figure 2 shows the magnitude in millions of dollars of these major provisions in the AHCA that result in the loss of federal dollars in the form of subsidies and Medicaid support being cut and the gains in federal dollars flowing back to Colorado in the form of tax breaks for the wealthy. It also shows how those provisions impact households at different income levels. Boxes in the lower two quadrants of Figure 2 represent losses while boxes in the upper two quadrants represent additional dollars flowing into Colorado. The upper right quadrant represents provisions that inject new money to upper income Coloradans. The further you move to the right on Figure 2, the more those provisions influence those on the upper income spectrum. The lower left quadrant represents provisions that cut money from low-income Coloradans. The further left you move, the more the provisions influence those on the lower income spectrum. For instance, the AHCA repeals many of the taxes that helped fund the ACA. The largest of those taxes that would be repealed under AHCA are the tax on net investment income, the tax on Medicare and the tax on health savings accounts. All three of those tax cuts

**Figure 3:**

### ACA Repeal Gives Top 400 Households in U.S. Tax Cuts Worth More than Premium Tax Credits for 800,000 People



*Source: Center on Budget and Policy Priorities*

mostly benefit individuals making more than \$200,000. The provisions that repeal the tax on investment income give tax breaks to individuals making more than \$200,000 annually.

In fact, the provisions of the AHCA are so severely skewed to benefit the wealthy, that the richest 400 households in the country will get tax cuts worth more than premium tax credits for 800,000 people in 20 states and D.C., per calculations from the Center on Budget and Policy Priorities.

### Major changes to the Medicaid program under the AHCA will shift costs to states and impact rural communities

It's clear that the provisions of the AHCA are going to have the most dramatic impact on middle- and low-income individuals. The provisions of the AHCA that have the largest dollar impact for these Coloradans are the changes proposed to Medicaid. The bulk of the potential dollars leaving state and local economies are a result of the changes being made to the expansion of Medicaid and the financing structure of Medicaid.

Colorado is one of 31 states (plus Washington, D.C.) that took up the Medicaid expansion as part of the ACA. The federal government paid the entire cost of covering expansion enrollees for the first three years, and according to current law, will pay no less than 90 percent of the cost in any year in the future. This generous matching rate gives states the flexibility to cover more individuals without cutting important programs.

The AHCA would significantly change this funding structure for the expansion population. The bill would limit the enhanced FMAP — 95 percent in 2017 and 90 percent in 2020 per the ACA — to states that expanded their Medicaid program before March 2017. Colorado is one of these states. States that expand their Medicaid programs after March 2017 would not receive the enhanced FMAP for any share of their expansion population. Under the AHCA, beginning in 2020, Colorado would only receive a 50 percent federal match for each new person who enrolls in expansion coverage. The Congressional Budget Office estimates that less than 5 percent of current enrollees would remain covered under the higher expansion match rate by the end of 2024.<sup>12</sup>

12 <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>

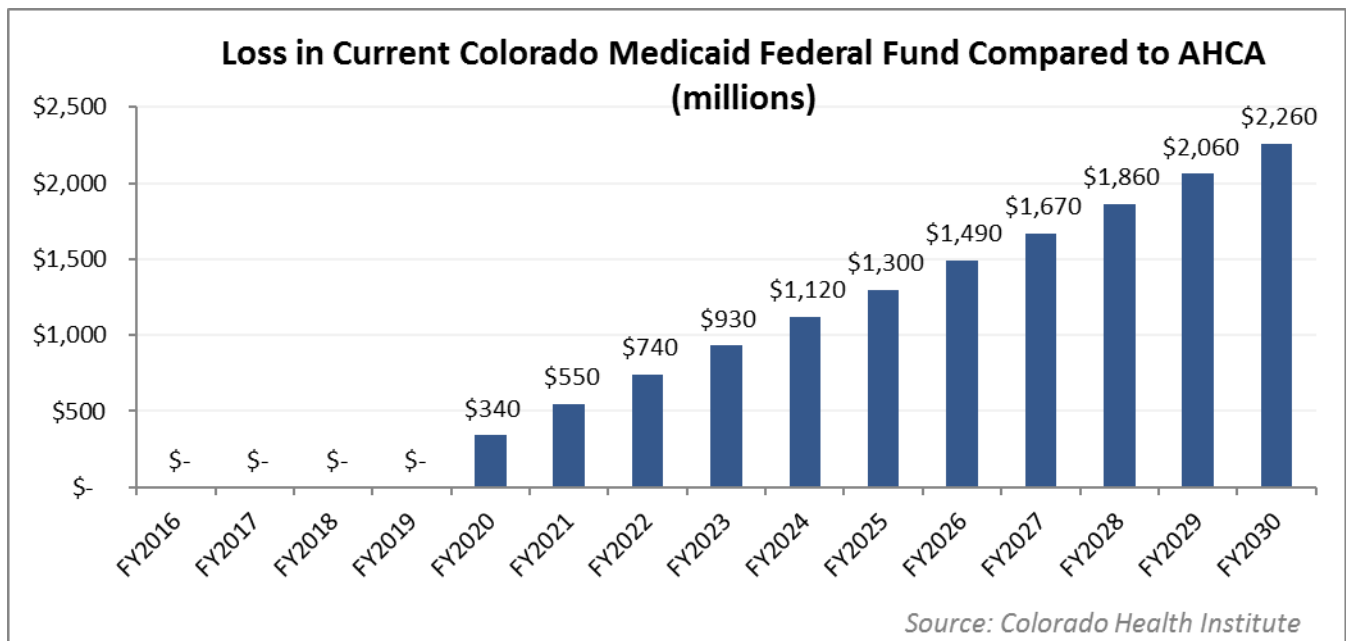
The language regarding the loss of benefits for a month or more is particularly detrimental, pushing folks closer to the Medicaid cliff and forcing them to choose between economic well-being and health care. When faced with the Medicaid cliff, Medicaid recipients are often faced with the difficult decision to either accept higher wages or to remain at low wages to avoid losing coverage. The higher wages typically do not make it more affordable to buy insurance, pushing these individuals into a doughnut hole where they can't afford coverage but no longer qualify for public health care. This impact will be further compounded by the rollback of tax subsidies that might help them.

### The AHCA's per-capita cap won't allow Colorado to address actual costs

Another major provision in the AHCA bill is the cap on federal funding on a per-capita or per-beneficiary basis for all Medicaid enrollees, beginning in 2020. Unlike Medicaid's current financing structure, where the federal government pays a fixed percentage of the cost of each person enrolled in the program, a per-capita cap would pay a fixed amount per beneficiary, with the state on the hook for any excess costs.

The AHCA's per capita cap would be based on a state's per-beneficiary spending in 2016 and would be indexed to the Consumer Price Index for Medical Care (CPI-M). Unfortunately, CPI-M is an inaccurate measure because it does not measure actual growth in per capita costs associated with Medicaid, or health care in general. Instead, it measures the average change of prices urban consumers pay for medical care and their out-of-pocket costs for medical care, not the full cost of providing medical care. The CBO estimates that the Medicaid spending would grow at an actual rate that is faster than the rate at which CPI-M will increase.

**Figure 4:**



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Medicaid spending per-enrollee is estimated to increase at a 4.4 percent rate, where CPI-M is estimated to grow at a 3.7 percent rate for the 2017-2026 period.<sup>13</sup>

Indexing federal funding per-beneficiary to a 2016 level does not allow states the flexibility to address unexpected changes in spending, such as needs that arise as a result of sharp economic downturns or because of changing populations. In addition, states will need to decide whether to cut services and repayments to providers or to commit more of the state's budget to financing Medicaid.

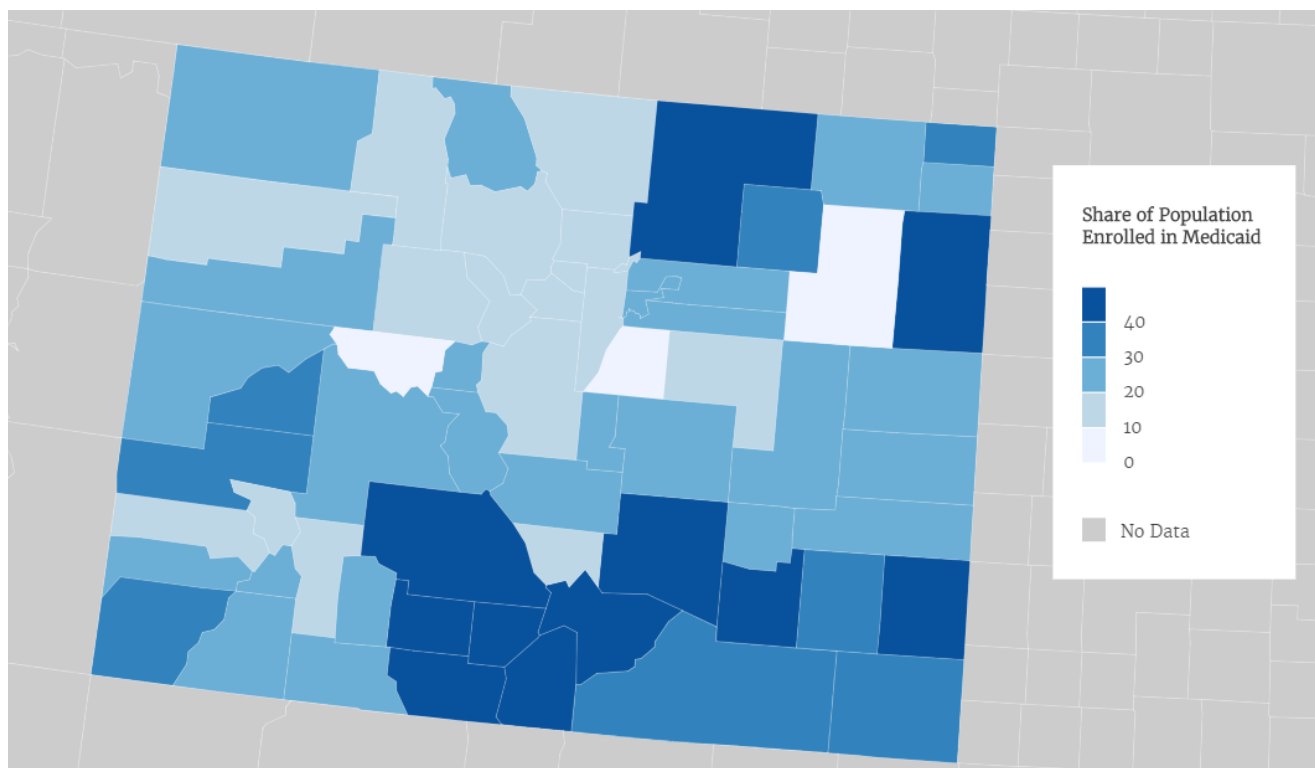
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12 <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>



## RURAL COUNTIES LOSE UNDER THE AHCA: THE IMPACT OF THE AHCA WITH 5 MAPS

**Map 1: Medicaid Population by County**



Rural communities benefit greatly from the coverage provided by Medicaid. More than 40 percent of those who live in rural communities in southeast Colorado are covered by Medicaid. See Appendix B for the full list.

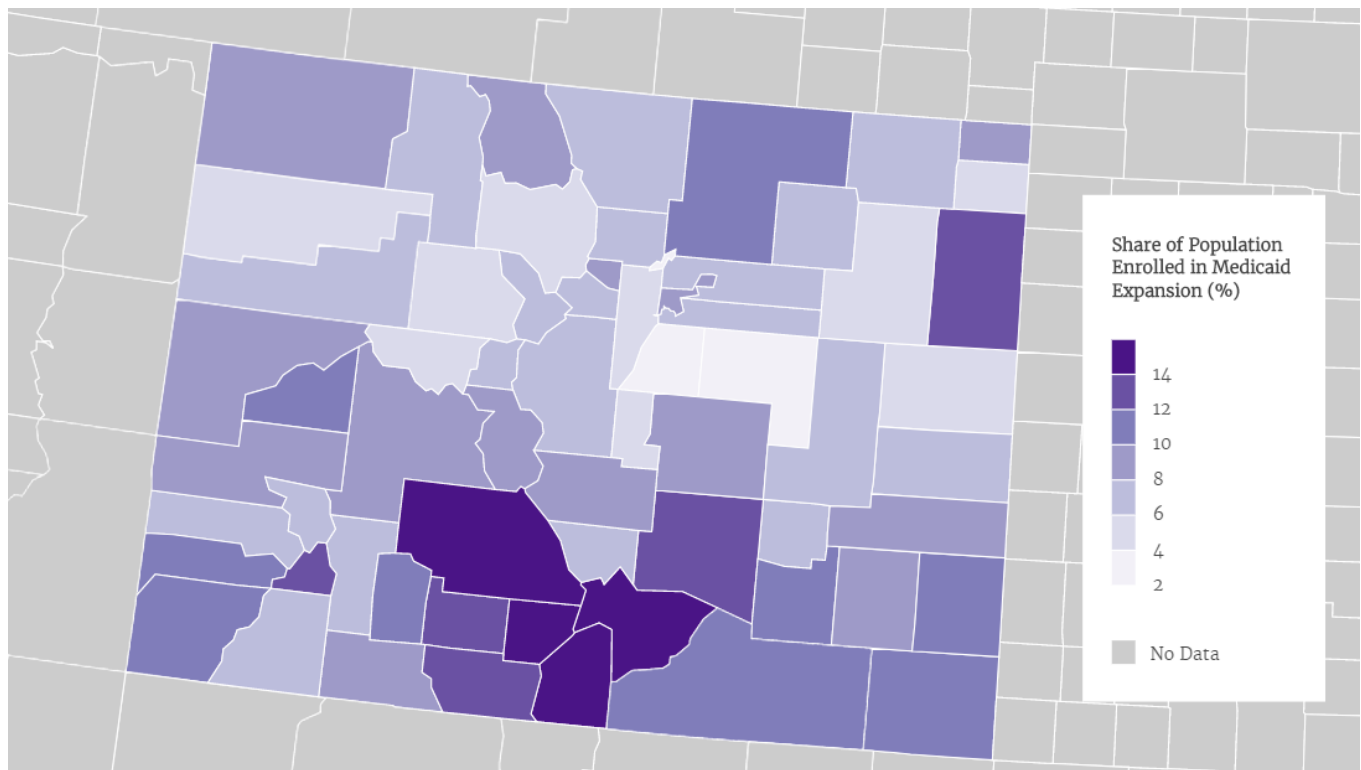
### Counties that rely on Medicaid the most:

County/ Rural or Urban	Share of population that receives Medicaid
<b>Costilla/ Rural</b>	54%
<b>Alamosa/ Rural</b>	44%
<b>Prowers/ Rural</b>	44%
<b>Conejos/ Rural</b>	43%
<b>Saguache/ Rural</b>	43%
<b>Otero/ Rural</b>	43%
<b>Huerfano/ Rural</b>	43%
<b>Rio Grande/ Rural</b>	43%
<b>Pueblo/ Urban</b>	41%
<b>Las Animas/ Rural</b>	39%

### Counties with the fewest Medicaid enrollees:

County/ Rural or Urban	Share of population that receives Medicaid
<b>Douglas/ Urban</b>	8%
<b>Pitkin/ Rural</b>	9%
<b>Broomfield/ Urban</b>	11%
<b>Elbert/ Urban</b>	12%
<b>Eagle/ Rural</b>	14%
<b>Summit/ Rural</b>	14%
<b>Grand/ Rural</b>	15%
<b>Routt/ Rural</b>	16%
<b>Boulder/ Urban</b>	16%
<b>San Miguel/ Rural</b>	16%

**Map 2: Medicaid Expansion Population by County**



Many counties, rural and urban, benefit greatly from the expansion, but the greatest beneficiaries are in rural areas. Unsurprisingly, counties with a greater share of upper income households in urban and mountain areas have the fewest Medicaid expansion enrollees. See Appendix B for the full list.

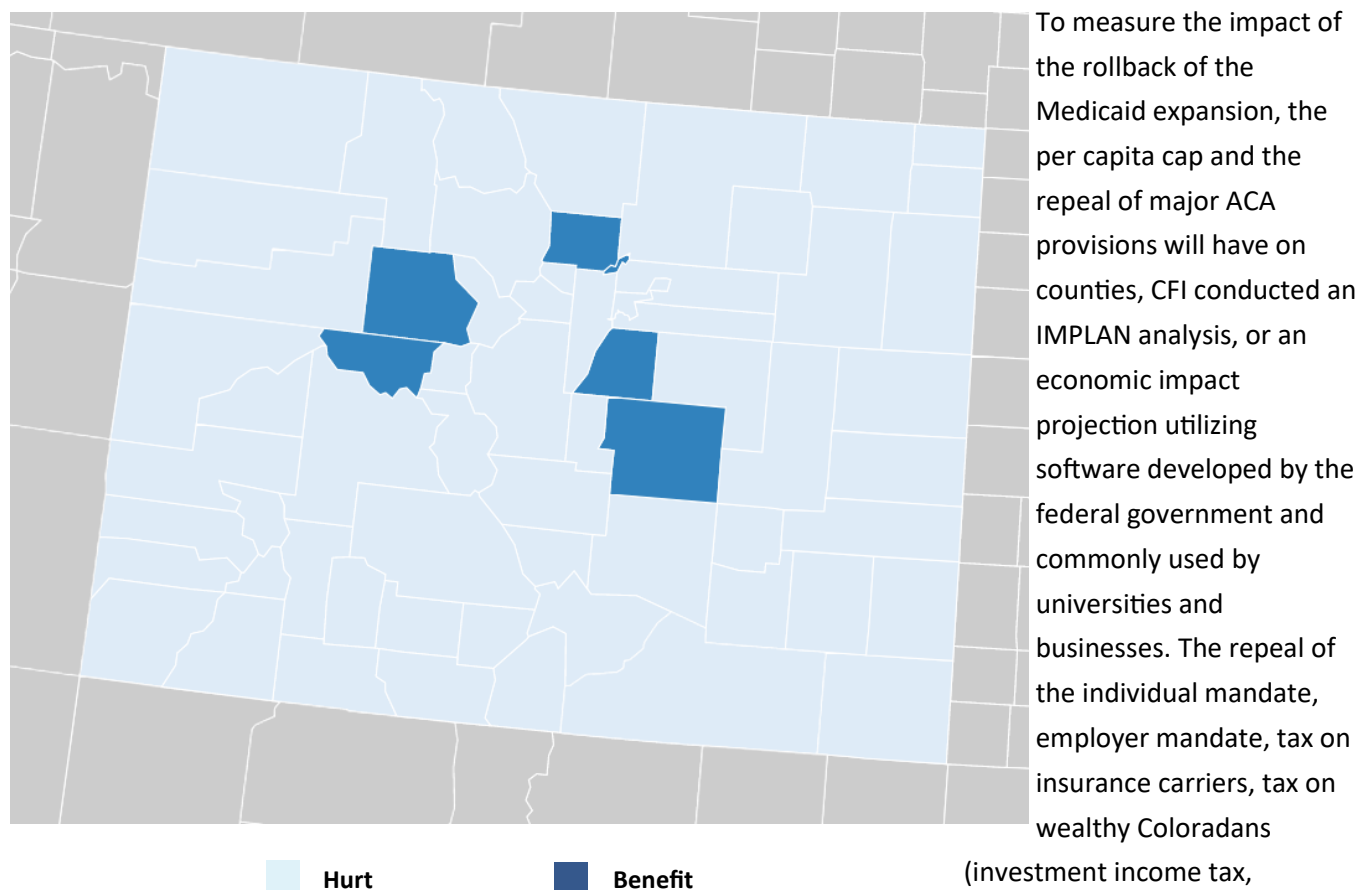
**Counties that rely on the Medicaid expansion:**

County/ Rural or Urban	Share of population that receives Medicaid
<b>Costilla/ Rural</b>	18%
<b>Alamosa/ Rural</b>	15%
<b>Saguache/ Rural</b>	14%
<b>Huerfano/ Rural</b>	14%
<b>San Juan/ Rural</b>	13%
<b>Rio Grande/ Rural</b>	13%
<b>Pueblo/ Urban</b>	12%
<b>Conejos/ Rural</b>	12%
<b>Prowers/ Urban</b>	12%
<b>Otero/ Rural</b>	12%

**Counties with the fewest expansion adults:**

County/ Rural or Urban	Share of population that receives Medicaid
<b>Douglas/ Urban</b>	3%
<b>Broomfield/ Urban</b>	3%
<b>Elbert/ Urban</b>	4%
<b>Eagle/ Rural</b>	4%
<b>Pitkin/ Rural</b>	5%
<b>Rio Blanco/ Rural</b>	5%
<b>Phillips/ Rural</b>	6%
<b>Kit Carson/ Rural</b>	6%
<b>Jefferson/ Urban</b>	6%
<b>Grand/ Rural</b>	6%

**Map 3: Counties that Benefit From and are Hurt by the AHCA:**

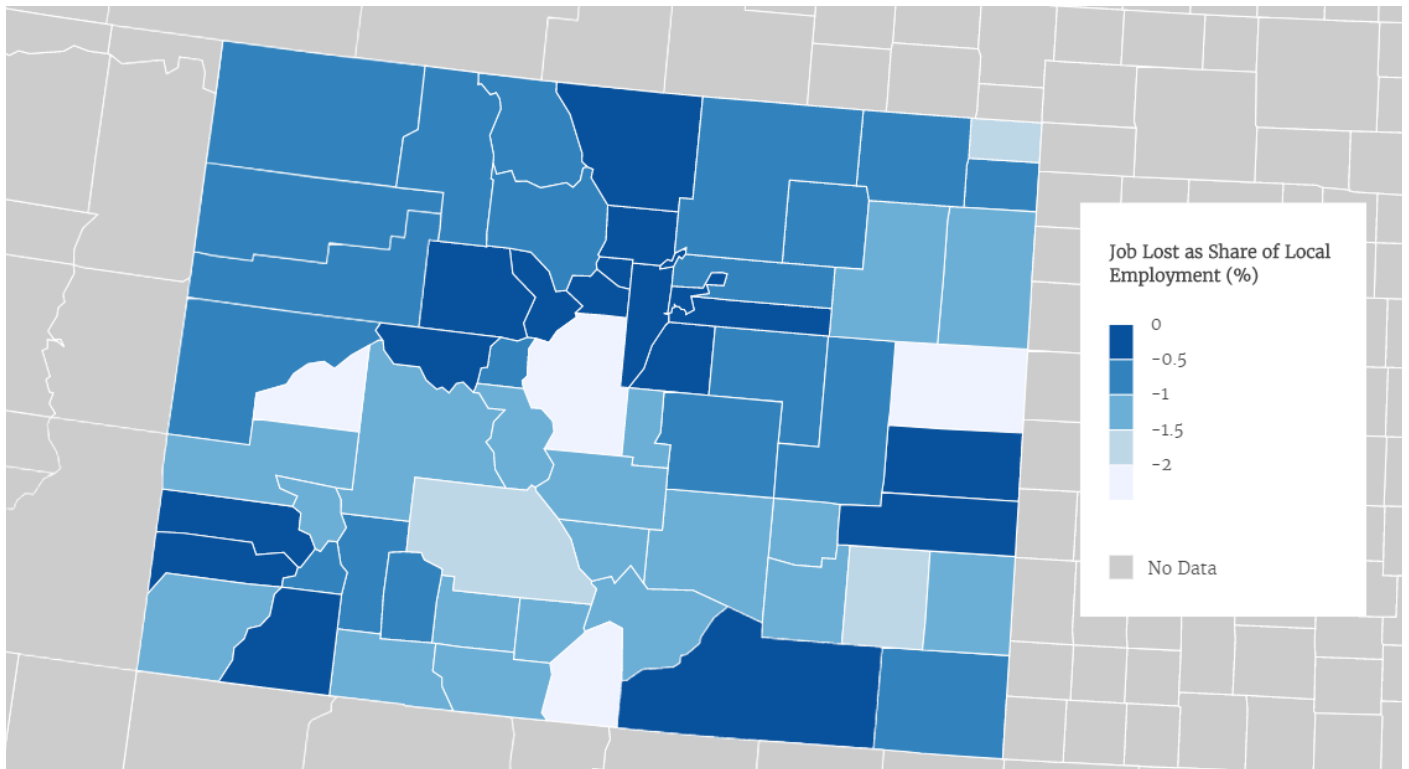


The IMPLAN analysis conducted by CFI uses 2016 and 2017 data and examines a full rollback of the ACA. Applying only a partial rollback of 20 percent provides a misleading snapshot of the full impact of losing federal funding, especially in rural Colorado. This IMPLAN analysis takes into consideration the CBO analysis that indicates that the vast majority of expansion adults will no longer qualify for the higher FMAP and Colorado's tight budget situation.

Only six counties saw a greater influx of dollars than outflow. Douglas, Boulder, El Paso, Broomfield, Eagle, and Pitkin counties were the only counties where there was a greater benefit. This is in great part to the repeal of ACA provisions that would redirect money to wealthy households, especially those where individuals make \$200,000 or more.

In total, Colorado will see a reduction in federal dollars amounting to \$2 billion due to the repeal of ACA provisions and an increase of \$1.4 billion to households. The IMPLAN analysis finds that despite the increase in income to households (many of which are wealthy), Colorado will still see a significant loss in jobs, income and local economic activity. The major beneficiaries of these provisions are wealthy, urban households and those most negatively impacted are rural Coloradans. In fact, of those households that will see benefits from the tax cuts under the AHCA, 75 percent are in the Denver metro area.

**Map 4: Impact of Medicaid Expansion Rollback and AHCA Private Insurance Provisions on Jobs by County**



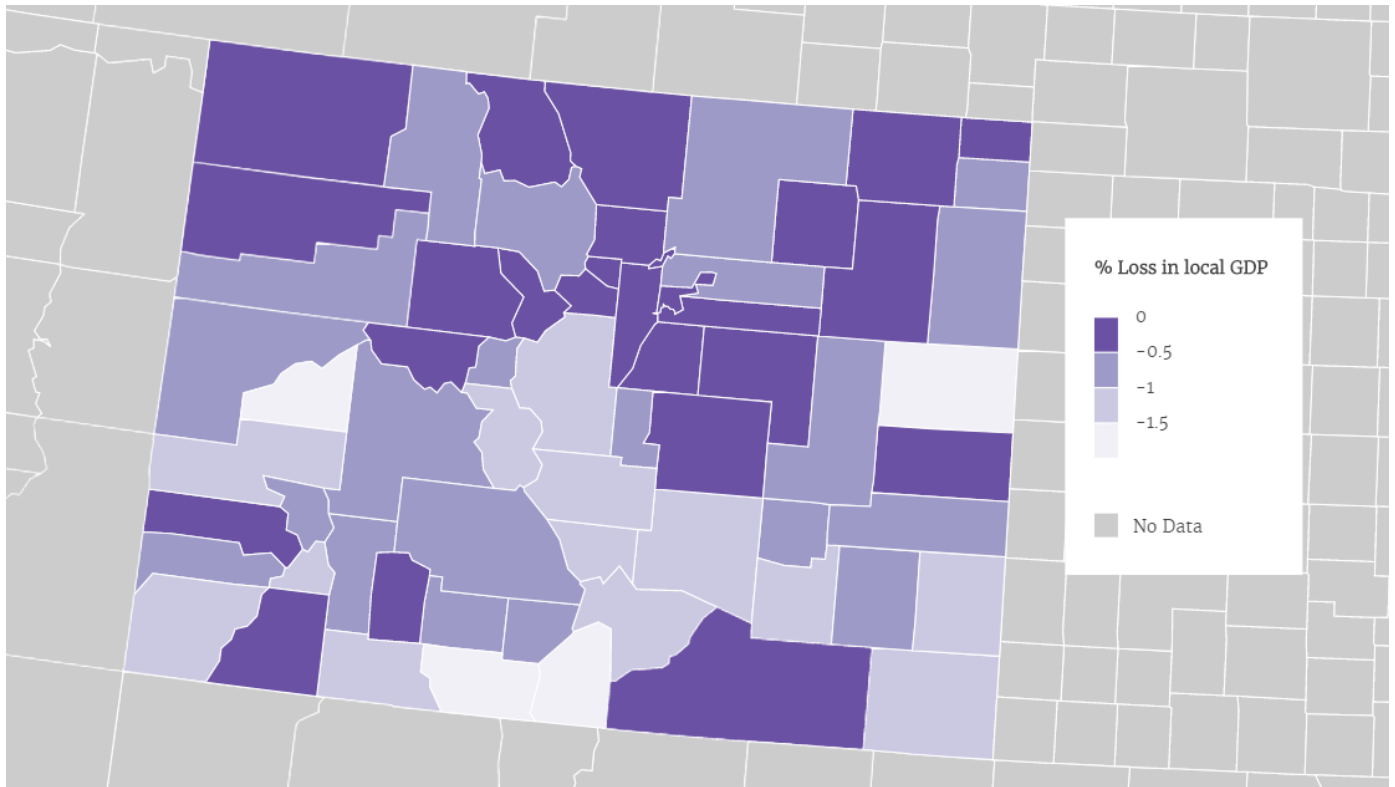
This map shows the number of jobs lost as a share of the total jobs in a given county because of the AHCA.

While the previous map illustrates the federal dollars that are flowing in and out of the economy, this map reflects the loss of jobs as a result of reduced economic activity. Because almost all counties will be losing a significant amount of federal dollars, many Coloradans will lose their jobs.

Statewide, 16,030 individuals will lose their jobs between now and 2020. But rural counties will lose double the number of jobs as a share of all jobs than their urban counterparts. Some of the darker-shaded counties on the map would lose nearly 4 percent of their total workforce. Kit Carson County, for example, will lose 3.5 percent of its labor force, or 49 jobs. Delta County will lose 2 percent of its labor force, or 285 jobs. Many of the jobs that will be lost across the state will occur in medical, retail, service and real estate industries.

Rural areas in Colorado are home to 12 percent of the labor force but will experience a disproportionate loss in wages and benefits at 16 percent. In contrast, 88 percent of the state's workforce lives in an urban county but will experience 84 percent of statewide losses in wages and benefits. In total, rural areas will lose \$158 million in wages and benefits.

**Map 5: Impact of Medicaid Expansion Rollback and AHCA Private Insurance Provisions on GDP by County**



CFI also modeled the loss to local economies.

As a result of the important provisions that are going to be lost under the AHCA, rural economies could lose double the amount of Gross Domestic Product in their local economies compared to urban counties. Kit Carson and Delta counties will see the biggest loss of economic activity as a share of total economic activity. In contrast, the local economies in Broomfield, Douglas and Boulder counties will see the smallest impacts.

On the whole, Colorado's economy will see a loss of \$1.1 billion due to job loss, reduced spending and fewer federal dollars.

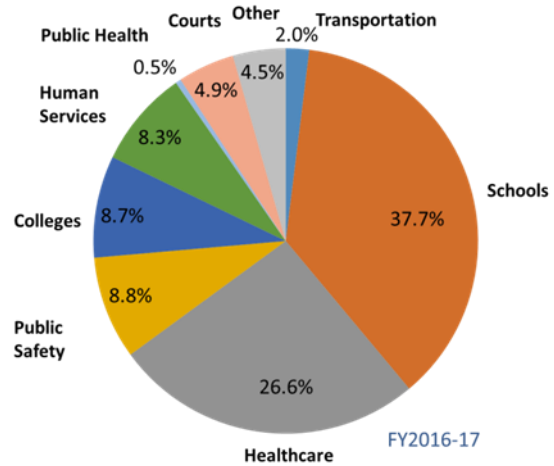


## SECTION FOUR: THE AHCA WILL HURT OTHER STATE SERVICES

The AHCA's Medicaid provisions will have huge negative impacts on Colorado's budget. **Figure 5:**

Medicaid is a program that covers health care costs of low-income people jointly funded by federal and state dollars. For the traditional Medicaid population in Colorado, the state government and federal government each pay about half the cost.

The Affordable Care Act (ACA) provided incentives for states to expand Medicaid coverage. Colorado expanded Medicaid to cover childless adults up to 138 percent of the federal poverty level and parents up to 138 percent of the federal poverty line. Coverage for the Medicaid expansion population began in January of 2014.



For the years 2014-2016, the federal government covered all of the costs of the newly eligible clients under the expansion. The federal match is set to taper off until the federal government is paying 90 percent of the expansion population by 2020. In calendar 2017, Colorado will pick up 5 percent of the cost of the Medicaid expansion population.<sup>14</sup>

By 2020, the federal share of the Medicaid expansion will be \$1.5 billion.

Meanwhile, 27 percent of the general fund in FY 2017-18 will go toward the Department of Health Care Policy and Financing. Most of that funding pays for Medicaid. Currently, no general fund dollars are used to pay for the Medicaid expansion population. In 2017, Colorado paid for 5 percent of the expansion population

out of Hospital Provider Fee revenue.

The general fund is the same collective pool of state tax revenue that pays for schools, colleges, roads, public safety and child-welfare services, among other things.

Colorado has one of the smallest state budgets in the country, ranking 49th — with only Texas having a smaller state government as a proportion of the economy. The latest rankings

*In 2017, approximately 450,000 Colorado adults will secure health insurance because of the Medicaid expansion.*

<sup>14</sup> Because Colorado's fiscal years do not align with calendar years, this means a state share of 2.5 percent in FY 2016-17, and 5.5 percent in FY 2017-18.

<sup>15</sup> See HCPF's Medicaid caseload projections at [https://www.colorado.gov/pacific/sites/default/files/S-1A%2C%20BA-1%20MSP\\_Exhibit%20B.pdf](https://www.colorado.gov/pacific/sites/default/files/S-1A%2C%20BA-1%20MSP_Exhibit%20B.pdf)

<sup>16</sup> See JBC's FY2017-18 Long Bill Summary page 12 <https://leg.colorado.gov/sites/default/files/17lbnarrative.pdf>

place Colorado 40th in per-pupil funding for schools and 48th in funding per higher education student. The state has already cut \$830 million annually from Colorado public schools compared to the level of funding that voters approved in 2000.

Losing \$165 million in federal funding by changing the Medicaid program structure from an entitlement to a per-capita cap will put a great deal of pressure on the general fund. To continue coverage, Colorado, and other expansion states, would have to increase their share of funding for Medicaid by as much as five times. This means Colorado will offer fewer services for Medicaid clients or will be forced to make additional cuts to schools and roads.

*To continue coverage, Colorado, and other expansion states, would have to increase their share of funding for Medicaid by as much as five times.*

# APPENDIX A:

Colorado County Characteristics Used to Determine AHCA Money Flow							
	Rural or Urban Areas	Portion of Colorado Population	Portion of Colorado's Households making \$200,000+	Portion of Colorado's Medicaid Population	Portion of Colorado's Medicaid Expansion Population	Share of employees at 50+ employee businesses	Share of Colorado's Individuals Buying Private Insurance "Directly"
Adams	Urban	8.99%	4.19%	11.29%	9.33%	8.57%	5.91%
Alamosa	Rural	0.30%	0.12%	0.56%	0.60%	0.22%	0.18%
Arapahoe	Urban	11.50%	13.11%	10.86%	9.98%	15.18%	10.01%
Archuleta	Rural	0.23%	0.17%	0.27%	0.29%	0.07%	0.29%
Baca	Rural	0.06%	0.02%	0.10%	0.09%	0.01%	0.07%
Bent	Rural	0.11%	0.02%	0.14%	0.12%	0.03%	0.06%
Boulder	Urban	5.82%	10.17%	4.00%	4.82%	6.24%	9.74%
Broomfield	Urban	1.20%	1.76%	0.55%	0.57%	1.88%	1.23%
Chaffee	Rural	0.34%	0.13%	0.31%	0.39%	0.12%	0.47%
Cheyenne	Rural	0.03%	0.01%	0.04%	0.03%	0.01%	0.05%
Clear Creek	Urban	0.17%	0.21%	0.13%	0.18%	0.09%	0.28%
Conejos	Rural	0.15%	0.02%	0.27%	0.24%	0.02%	0.09%
Costilla	Rural	0.07%	0.03%	0.16%	0.17%	0.01%	0.04%
Crowley	Rural	0.10%	0.00%	0.11%	0.10%	0.03%	0.05%
Custer	Rural	0.08%	0.03%	0.07%	0.09%	0.01%	0.07%
Delta	Rural	0.55%	0.29%	0.76%	0.76%	0.11%	0.39%
Denver	Urban	12.51%	15.71%	15.91%	16.93%	22.61%	13.22%
Dolores	Rural	0.04%	0.02%	0.04%	0.05%	0.00%	0.03%
Douglas	Urban	5.93%	13.24%	2.00%	2.06%	4.95%	5.72%
Eagle	Rural	0.97%	1.44%	0.57%	0.55%	0.98%	1.88%
El Paso	Urban	0.46%	0.69%	13.53%	14.03%	0.05%	8.93%
Elbert	Urban	12.42%	9.44%	0.24%	0.24%	10.26%	0.61%
Fremont	Rural	0.86%	0.26%	1.02%	1.03%	0.25%	0.50%
Garfield	Rural	1.06%	0.64%	1.09%	0.93%	0.54%	1.17%
Gilpin	Urban	0.11%	0.05%	0.08%	0.12%	0.19%	0.14%
Grand	Rural	0.27%	0.22%	0.18%	0.22%	0.18%	0.42%
Gunnison	Rural	0.30%	0.09%	0.25%	0.38%	0.13%	0.83%
Hinsdale	Rural	0.01%	0.01%	0.01%	0.01%	0.00%	0.02%
Huerfano	Rural	0.12%	0.07%	0.22%	0.23%	0.04%	0.15%
Jackson	Rural	0.02%	0.01%	0.03%	0.03%	0.00%	0.05%
Jefferson	Urban	10.32%	12.97%	7.63%	8.22%	9.67%	10.70%
Kiowa	Rural	0.02%	0.01%	0.03%	0.03%	0.00%	0.03%
Kit Carson	Rural	0.15%	0.05%	0.15%	0.12%	0.06%	0.15%
La Plata	Rural	0.14%	0.00%	0.87%	1.03%	0.06%	1.67%
Lake	Rural	1.00%	0.72%	0.15%	0.15%	0.59%	0.13%
Larimer	Urban	6.14%	5.16%	4.95%	5.65%	4.79%	7.60%
Las Animas	Rural	0.25%	0.07%	0.42%	0.40%	0.11%	0.26%
Lincoln	Rural	0.10%	0.04%	0.11%	0.10%	0.02%	0.06%
Logan	Rural	0.40%	0.20%	0.38%	0.33%	0.19%	0.41%
Mesa	Urban	2.71%	1.42%	3.44%	3.41%	2.24%	2.49%
Mineral	Rural	0.01%	0.01%	0.01%	0.02%	0.00%	0.03%
Moffat	Rural	0.24%	0.05%	0.30%	0.27%	0.14%	0.19%
Montezuma	Rural	0.49%	0.17%	0.71%	0.72%	0.19%	0.35%
Montrose	Rural	0.75%	0.19%	0.98%	0.92%	0.34%	0.68%
Morgan	Rural	0.51%	0.17%	0.66%	0.48%	0.46%	0.40%
Otero	Rural	0.33%	0.06%	0.61%	0.52%	0.17%	0.19%
Ouray	Rural	0.09%	0.08%	0.06%	0.09%	0.00%	0.17%
Park	Urban	0.31%	0.12%	0.25%	0.33%	0.02%	0.39%
Phillips	Rural	0.08%	0.05%	0.08%	0.06%	0.03%	0.13%
Pitkin	Rural	0.32%	0.67%	0.12%	0.22%	0.55%	0.83%
Prowers	Rural	0.22%	0.03%	0.40%	0.35%	0.11%	0.19%
Pueblo	Urban	2.98%	0.80%	5.21%	4.96%	2.08%	1.95%
Rio Blanco	Rural	0.12%	0.05%	0.09%	0.08%	0.04%	0.12%
Rio Grande	Rural	0.21%	0.07%	0.38%	0.36%	0.06%	0.22%
Routt	Rural	0.44%	0.56%	0.30%	0.43%	0.39%	1.01%
Saguache	Rural	0.12%	0.04%	0.21%	0.22%	0.02%	0.08%
San Juan	Rural	0.01%	0.00%	0.01%	0.02%	0.00%	0.02%
San Miguel	Rural	0.14%	0.22%	0.10%	0.14%	0.14%	0.39%
Sedgwick	Rural	0.04%	0.02%	0.06%	0.05%	0.01%	0.06%
Summit	Rural	0.55%	0.49%	0.33%	0.48%	0.63%	1.24%
Teller	Urban	0.43%	0.25%	0.42%	0.50%	0.22%	0.33%
Washington	Rural	0.09%	0.05%	0.09%	0.08%	0.02%	0.12%
Weld	Urban	5.32%	2.99%	5.50%	4.54%	3.78%	4.55%
Yuma	Rural	0.18%	0.07%	0.21%	0.16%	0.09%	0.27%
		100%	100%	100%	100%	100%	100%

## APPENDIX B:

	Enrolled in Medicaid	Medicaid Expansion
Adams	29%	8%
Alamosa	44%	15%
Arapahoe	22%	6%
Archuleta	27%	9%
Baca	36%	10%
Bent	32%	9%
Boulder	16%	6%
Broomfield	11%	3%
Chaffee	21%	8%
Cheyenne	25%	7%
Clear Creek	18%	8%
Conejos	43%	12%
Costilla	54%	18%
Crowley	26%	7%
Custer	20%	8%
Delta	32%	10%
Denver	30%	10%
Dolores	26%	10%
Douglas	8%	3%
Eagle	14%	4%
El Paso	25%	8%
Elbert	12%	4%
Fremont	28%	9%
Garfield	24%	6%
Gilpin	18%	8%
Grand	15%	6%
Gunnison	20%	9%
Hinsdale	19%	7%
Huerfano	43%	14%
Jackson	24%	9%
Jefferson	17%	6%
Kiowa	28%	9%
Kit Carson	24%	6%
La Plata	20%	8%
Lake	25%	8%
Larimer	19%	7%
Las Animas	39%	12%
Lincoln	24%	8%
Logan	22%	6%
Mesa	30%	9%
Mineral	22%	11%
Moffat	29%	8%
Montezuma	34%	11%
Montrose	31%	9%
Morgan	30%	7%
Otero	43%	12%
Ouray	17%	7%
Park	19%	8%
Phillips	24%	6%
Pitkin	9%	5%
Prowers	44%	12%
Pueblo	41%	12%
Rio Blanco	19%	5%
Rio Grande	43%	13%
Routt	16%	7%
Saguache	43%	14%
San Juan	26%	13%
San Miguel	16%	7%
Sedgwick	30%	8%
Summit	14.1%	6.4%
Teller	22.6%	8.5%
Washington	23.6%	6.5%
Weld	24.2%	6.3%
Yuma	26.6%	6.5%
<b>Colorado Total</b>	<b>23.4%</b>	<b>7.4%</b>

*HCPF FY2015-16 enrollment data as a portion of July 1, 2016 Census Population*

# APPENDIX C:

AHCA Federal Revenue Injections by Colorado County						
	Repeal of Net Investment, Medicare Tax, Health Savings Accounts	Repeal Employer Mandate	Repeal Individual Mandate	Repeal of Insurer Fee	Tax Credits for Nongroup Insurance	Medical Care Deduction
Adams	\$18,112,773	\$29,088,006	\$5,972,374	\$15,713,474	\$11,663,650	\$14,404,300
Alamosa	\$509,445	\$736,093	\$145,452	\$562,519	\$349,383	\$328,590
Arapahoe	\$56,639,982	\$51,543,268	\$5,844,352	\$21,280,794	\$19,766,464	\$20,971,917
Archuleta	\$733,014	\$254,587	\$192,700	\$384,292	\$567,149	\$379,566
Baca	\$76,966	\$25,807	\$38,496	\$125,027	\$140,710	\$92,092
Bent	\$84,297	\$88,350	\$39,311	\$125,554	\$128,267	\$89,919
Boulder	\$43,962,507	\$21,187,442	\$1,986,489	\$11,409,691	\$19,235,689	\$10,921,683
Broomfield	\$7,605,019	\$6,375,367	\$306,036	\$2,282,133	\$2,421,751	\$2,467,265
Chaffee	\$557,091	\$398,272	\$183,725	\$598,919	\$921,318	\$644,644
Cheyenne	\$58,641	\$23,947	\$29,595	\$63,223	\$94,286	\$64,013
Clear Creek	\$901,607	\$298,064	\$60,896	\$332,268	\$557,098	\$401,963
Conejos	\$69,636	\$69,052	\$99,762	\$278,500	\$178,520	\$188,530
Costilla	\$113,617	\$36,502	\$44,874	\$120,766	\$86,149	\$57,662
Crowley	\$3,665	\$86,025	\$39,831	\$157,612	\$92,371	\$64,849
Custer	\$135,608	\$20,925	\$69,500	\$135,902	\$130,181	\$122,511
Delta	\$1,249,789	\$378,509	\$388,071	\$973,309	\$762,421	\$797,407
Denver	\$67,873,419	\$76,772,248	\$6,900,643	\$22,322,277	\$26,114,227	\$21,548,872
Dolores	\$73,301	\$4,417	\$15,205	\$67,241	\$67,005	\$35,266
Douglas	\$57,208,067	\$16,795,993	\$1,142,331	\$11,793,252	\$11,301,344	\$12,474,378
Eagle	\$6,241,613	\$3,318,232	\$725,408	\$1,732,762	\$3,704,417	\$1,763,621
El Paso	\$40,788,557	\$34,823,070	\$5,039,580	\$22,571,925	\$1,195,081	\$21,781,191
Elbert	\$2,979,701	\$162,285	\$181,574	\$864,880	\$17,639,535	\$897,689
Fremont	\$1,136,171	\$859,318	\$313,527	\$1,296,569	\$984,016	\$1,021,537
Garfield	\$2,745,137	\$1,839,303	\$1,076,689	\$1,697,417	\$2,307,842	\$1,855,379
Gilpin	\$234,564	\$651,928	\$47,100	\$199,531	\$277,113	\$278,783
Grand	\$934,593	\$620,076	\$211,021	\$466,872	\$832,297	\$482,522
Gunnison	\$399,493	\$438,726	\$182,539	\$533,139	\$1,645,450	\$487,703
Hinsdale	\$54,976	\$0	\$9,197	\$30,435	\$48,339	\$36,770
Huerfano	\$300,536	\$130,432	\$73,357	\$216,291	\$287,164	\$146,578
Jackson	\$21,990	\$15,577	\$13,054	\$46,829	\$99,550	\$44,793
Jefferson	\$56,042,575	\$32,845,430	\$3,797,634	\$20,078,168	\$21,130,015	\$21,581,296
Kiowa	\$58,641	\$8,835	\$15,873	\$49,507	\$57,433	\$33,594
Kit Carson	\$234,564	\$201,112	\$82,777	\$241,532	\$304,873	\$196,719
La Plata	\$3,096,984	\$2,012,980	\$597,831	\$1,810,838	\$248,397	\$1,999,283
Lake	\$0	\$192,975	\$102,729	\$240,233	\$3,295,208	\$238,336
Larimer	\$22,309,277	\$16,250,084	\$2,267,381	\$11,573,958	\$15,016,769	\$10,990,376
Las Animas	\$282,210	\$359,444	\$151,386	\$485,417	\$505,887	\$416,503
Lincoln	\$161,263	\$82,072	\$20,323	\$141,583	\$125,874	\$106,800
Logan	\$883,282	\$648,441	\$246,846	\$729,870	\$805,974	\$546,870
Mesa	\$6,138,991	\$7,597,152	\$1,498,805	\$5,127,312	\$4,926,301	\$4,613,127
Mineral	\$25,655	\$0	\$4,079	\$27,513	\$51,690	\$28,580
Moffat	\$223,569	\$459,884	\$161,770	\$438,750	\$384,321	\$421,685
Montezuma	\$729,349	\$641,466	\$398,603	\$816,508	\$687,279	\$727,043
Montrose	\$828,306	\$1,166,915	\$563,489	\$1,331,670	\$1,349,671	\$1,205,052
Morgan	\$733,014	\$1,559,606	\$259,678	\$989,663	\$789,223	\$801,585
Otero	\$256,555	\$579,621	\$202,194	\$635,035	\$366,134	\$402,965
Ouray	\$337,186	\$12,090	\$48,212	\$159,479	\$332,632	\$184,686
Park	\$513,110	\$70,912	\$143,969	\$572,177	\$763,378	\$675,732
Phillips	\$227,234	\$109,740	\$42,798	\$151,322	\$261,798	\$115,157
Pitkin	\$2,888,075	\$1,858,368	\$183,503	\$604,194	\$1,633,964	\$697,459
Prowers	\$117,282	\$364,327	\$125,871	\$420,124	\$378,099	\$303,352
Pueblo	\$3,456,160	\$7,064,728	\$1,265,458	\$5,704,967	\$3,856,136	\$4,284,035
Rio Blanco	\$216,239	\$151,125	\$49,696	\$241,369	\$236,910	\$232,988
Rio Grande	\$289,540	\$210,645	\$136,626	\$392,935	\$426,439	\$297,837
Routt	\$2,404,285	\$1,333,384	\$195,593	\$846,943	\$2,000,577	\$827,659
Saguache	\$194,249	\$76,027	\$134,104	\$178,795	\$156,983	\$141,230
San Juan	\$0	\$0	\$8,604	\$19,884	\$46,425	\$16,546
San Miguel	\$938,258	\$474,299	\$75,285	\$269,045	\$775,822	\$258,393
Sedgwick	\$80,632	\$45,802	\$19,507	\$84,082	\$109,601	\$67,356
Summit	\$2,118,410	\$2,144,110	\$472,257	\$912,642	\$2,457,646	\$972,900
Teller	\$1,062,870	\$753,298	\$186,915	\$835,256	\$659,999	\$906,714
Washington	\$197,914	\$59,520	\$31,820	\$166,094	\$234,517	\$138,222
Weld	\$12,904,709	\$12,818,160	\$2,414,539	\$9,562,615	\$8,993,023	\$8,671,862
Yuma	\$322,526	\$295,972	\$106,363	\$349,271	\$532,211	\$259,061
<b>Colorado Total</b>	<b>\$432,078,691</b>	<b>\$339,490,349</b>	<b>\$ 47,385,206</b>	<b>\$ 184,572,156</b>	<b>\$197,500,000</b>	<b>\$178,212,995</b>



# APPENDIX D:

AHCA Federal Revenue Losses by Colorado County					
	ACA Tax Credit Repeal Loss	ACA Cost Sharing Repeal Loss	Medicaid Expansion Roll Back Loss	Medicaid Per Capita Cap Loss	Reduction of Small Business Tax Credit
Adams	-\$17,476,468	-\$2,315,260	-\$170,063,627	-\$17,595,866	-\$1,585,743
Alamosa	-\$901,265	-\$100,096	-\$8,472,306	-\$876,599	-\$41,676
Arapahoe	-\$26,467,344	-\$3,598,463	-\$162,987,427	-\$16,863,718	-\$2,150,022
Archuleta	-\$3,695,860	-\$322,210	-\$4,073,835	-\$421,505	-\$38,004
Baca	-\$426,654	-\$44,724	-\$1,495,180	-\$154,701	-\$11,748
Bent	-\$239,778	-\$27,609	-\$2,159,105	-\$223,395	-\$8,366
Boulder	-\$18,663,054	-\$2,132,990	-\$60,420,909	-\$6,251,532	-\$1,135,454
Broomfield	-\$2,788,661	-\$333,723	-\$8,075,066	-\$835,498	-\$219,540
Chaffee	-\$3,754,405	-\$310,591	-\$4,648,613	-\$480,975	-\$56,391
Cheyenne	-\$89,387	-\$10,033	-\$567,499	-\$58,717	-\$6,433
Clear Creek	-\$430,936	-\$38,205	-\$1,939,687	-\$200,692	-\$35,229
Conejos	-\$525,195	-\$61,224	-\$4,069,581	-\$421,065	-\$20,852
Costilla	-\$274,002	-\$25,495	-\$2,299,964	-\$237,969	-\$8,559
Crowley	-\$185,747	-\$28,088	-\$1,717,150	-\$177,667	-\$10,057
Custer	-\$818,927	-\$93,652	-\$1,076,291	-\$111,360	-\$9,594
Delta	-\$6,560,153	-\$622,458	-\$11,594,921	-\$1,199,684	-\$78,423
Denver	-\$25,182,382	-\$3,500,724	-\$237,930,371	-\$24,617,792	-\$2,389,495
Dolores	-\$359,550	-\$53,153	-\$652,487	-\$67,510	-\$5,529
Douglas	-\$12,371,026	-\$1,495,428	-\$30,665,834	-\$3,172,883	-\$1,103,745
Eagle	-\$6,243,079	-\$442,611	-\$8,343,264	-\$863,247	-\$219,443
El Paso	-\$18,205,466	-\$2,256,365	-\$207,743,078	-\$21,494,422	-\$85,401
Elbert	-\$1,036,001	-\$120,956	-\$3,627,342	-\$375,308	-\$1,999,139
Fremont	-\$2,842,124	-\$304,740	-\$15,533,475	-\$1,607,192	-\$96,493
Garfield	-\$10,354,246	-\$660,744	-\$15,960,115	-\$1,651,335	-\$200,110
Gilpin	-\$425,327	-\$65,483	-\$1,203,064	-\$124,477	-\$21,804
Grand	-\$3,516,967	-\$275,655	-\$2,524,014	-\$261,151	-\$57,109
Gunnison	-\$6,117,493	-\$442,453	-\$3,906,128	-\$404,153	-\$60,484
Hinsdale	-\$269,281	-\$29,277	-\$183,211	-\$18,956	-\$3,113
Huerfano	-\$734,684	-\$82,741	-\$3,343,923	-\$345,984	-\$15,261
Jackson	-\$471,566	-\$51,866	-\$367,461	-\$38,020	-\$5,273
Jefferson	-\$29,730,863	-\$3,464,018	-\$114,229,410	-\$11,818,903	-\$2,027,486
Kiowa	-\$93,472	-\$10,684	-\$465,778	-\$48,192	-\$4,990
Kit Carson	-\$571,095	-\$58,031	-\$2,204,199	-\$228,060	-\$23,613
La Plata	-\$11,853,488	-\$973,267	-\$13,371,628	-\$1,383,514	-\$28,251
Lake	-\$784,410	-\$57,083	-\$2,123,938	-\$219,756	-\$190,419
Larimer	-\$19,867,373	-\$2,114,076	-\$74,652,152	-\$7,723,987	-\$1,121,456
Las Animas	-\$1,135,264	-\$94,942	-\$6,429,575	-\$665,245	-\$40,351
Lincoln	-\$280,904	-\$26,851	-\$1,590,377	-\$164,551	-\$10,271
Logan	-\$1,411,628	-\$149,498	-\$5,527,230	-\$571,882	-\$70,175
Mesa	-\$14,066,326	-\$1,435,425	-\$51,671,613	-\$5,346,274	-\$464,790
Mineral	-\$214,623	-\$24,206	-\$189,734	-\$19,631	-\$2,133
Moffat	-\$1,115,941	-\$127,241	-\$4,434,584	-\$458,830	-\$43,781
Montezuma	-\$4,796,535	-\$450,629	-\$10,776,902	-\$1,115,047	-\$76,442
Montrose	-\$8,408,433	-\$773,830	-\$14,642,190	-\$1,514,974	-\$116,179
Morgan	-\$1,436,511	-\$132,030	-\$9,844,872	-\$1,018,613	-\$91,551
Otero	-\$1,196,357	-\$137,283	-\$9,055,592	-\$936,949	-\$50,097
Ouray	-\$1,817,508	-\$164,167	-\$940,727	-\$97,334	-\$15,606
Park	-\$1,772,304	-\$150,022	-\$3,746,457	-\$387,632	-\$60,892
Phillips	-\$424,400	-\$41,541	-\$1,188,222	-\$122,941	-\$13,694
Pitkin	-\$4,336,306	-\$319,662	-\$1,847,704	-\$191,175	-\$71,003
Prowers	-\$850,335	-\$77,662	-\$5,978,827	-\$618,608	-\$37,610
Pueblo	-\$6,978,581	-\$693,941	-\$79,070,853	-\$8,181,174	-\$449,074
Rio Blanco	-\$762,780	-\$76,373	-\$1,399,982	-\$144,851	-\$22,978
Rio Grande	-\$1,324,393	-\$143,955	-\$5,541,599	-\$573,369	-\$35,153
Routt	-\$7,373,146	-\$625,828	-\$4,526,378	-\$468,328	-\$96,625
Saguache	-\$583,980	-\$47,129	-\$3,065,799	-\$317,207	-\$16,924
San Juan	-\$279,593	-\$22,012	-\$203,819	-\$21,088	-\$2,326
San Miguel	-\$3,159,487	-\$320,900	-\$1,409,057	-\$145,790	-\$30,936
Sedgwick	-\$234,752	-\$22,280	-\$833,428	-\$86,232	-\$7,096
Summit	-\$4,528,341	-\$414,525	-\$4,884,669	-\$505,399	-\$125,414
Teller	-\$1,422,044	-\$162,477	-\$6,472,872	-\$669,725	-\$79,383
Washington	-\$629,799	-\$55,145	-\$1,377,388	-\$142,513	-\$15,157
Weld	-\$12,188,803	-\$1,317,242	-\$83,164,730	-\$8,604,753	-\$885,579
Yuma	-\$988,628	-\$104,620	-\$3,170,261	-\$328,015	-\$33,669
<b>Colorado Total</b>	<b>\$ (318,045,427)</b>	<b>\$ (34,635,595)</b>	<b>\$ (1,507,677,469)</b>	<b>\$ (155,993,916)</b>	<b>\$ (18,039,592)</b>

## APPENDIX E:

Total Loss/Gain in Federal Revenue under AHCA by County	
Adams	-\$114,082,388
Alamosa	-\$7,760,460
Arapahoe	-\$36,020,197
Archuleta	-\$6,040,105
Baca	-\$1,633,907
Bent	-\$2,102,554
Boulder	\$20,099,562
Broomfield	\$9,205,083
Chaffee	-\$5,947,006
Cheyenne	-\$398,363
Clear Creek	-\$92,853
Conejos	-\$4,213,915
Costilla	-\$2,386,417
Crowley	-\$1,674,356
Custer	-\$1,495,198
Delta	-\$15,506,134
Denver	-\$72,089,077
Dolores	-\$875,793
Douglas	\$61,906,451
Eagle	\$1,374,408
El Paso	-\$123,585,329
Elbert	\$15,566,917
Fremont	-\$14,772,886
Garfield	-\$17,304,782
Gilpin	-\$151,134
Grand	-\$3,087,515
Gunnison	-\$7,243,661
Hinsdale	-\$324,119
Huerfano	-\$3,368,235
Jackson	-\$692,392
Jefferson	-\$5,795,562
Kiowa	-\$399,233
Kit Carson	-\$1,823,421
La Plata	-\$17,843,835
Lake	-\$3,375,607
Larimer	-\$27,071,199
Las Animas	-\$6,164,527
Lincoln	-\$1,435,037
Logan	-\$3,869,130
Mesa	-\$43,082,742
Mineral	-\$312,808
Moffat	-\$4,090,398
Montezuma	-\$13,215,306
Montrose	-\$19,010,503
Morgan	-\$7,390,809
Otero	-\$8,933,772
Ouray	-\$1,961,056
Park	-\$3,378,030
Phillips	-\$882,748
Pitkin	\$1,099,713
Prowers	-\$5,853,987
Pueblo	-\$69,742,139
Rio Blanco	-\$1,278,636
Rio Grande	-\$5,864,447
Routt	-\$5,481,864
Saguache	-\$3,149,651
San Juan	-\$437,380
San Miguel	-\$2,275,070
Sedgwick	-\$776,808
Summit	-\$1,380,382
Teller	-\$4,401,448
Washington	-\$1,391,917
Weld	-\$50,796,198
Yuma	-\$2,759,789
Colorado Total	\$ (655,222,084)

## APPENDIX F: IMPLAN ANALYSIS AND METHODOLOGY

This report provides an economic impact analysis of the change in federal spending and tax revenue that flows to Colorado because of the repeal of the ACA and new AHCA provisions. The report does not make assumptions about changes in out-of-pocket medical spending or premiums under the new AHCA provisions. Such in-state spending changes are economic activity that is redirected inside the state. But the loss of federal funding can directly be modeled as less economic activity.

Our analysis is conducted using the input-output model IMPLAN. Our analysis estimates the economic effects once all AHCA provisions are in place, although the AHCA and the provisions of the ACA that are repealed occur over a number of years. We present the results as though all provisions are fully implemented in 2016, and we present our analysis in 2016 dollars.

### Modeling the reduction in federal healthcare spending

There are three components of the loss in federal health care spending: 1) the loss in federal share of the Medicaid expansion population, which is \$1.5 billion, 2) the loss in federal Medicaid funding because of the change in the program structure from an entitlement to a per-capita cap, which will result in a \$156 million loss in federal Medicaid funding for Colorado 3) the loss in marketplace subsidies (\$353 million reduction to Colorado). To model the loss of federal dollars, we used IMPLAN numeric codes, or sectors, that designate industries where economic activity would be reduced. Eight percent of spending loss is allocated to the IMPLAN sector 437 “Insurance Carriers” to account for administration costs.<sup>17</sup> We then removed 9 percent of the nonadministrative spending to account for drug spending that most likely flows out of the state already because drug spending is likely to have a smaller local economic impact compared to other medical spending, which tends to have a higher local component and pays for more labor-intensive activities. The remaining healthcare spending reductions are distributed across eight IMPLAN sectors: 475 offices of physicians; 476 offices of dentists; 477 offices of other health practitioners; 478 outpatient care centers; 479 medical diagnostic laboratories; 481 other ambulatory health care services; 482 hospitals; 483 nursing and community care facilities, according to the share of each sector’s economic output in Colorado, which follows the methodology of the UC Berkeley Labor Center study.<sup>18</sup>

To get county-level estimates for the loss of Medicaid expansion funding, we utilized HCPF data on the number of Medicaid expansion clients by county. A similar calculation was done to distribute the loss in Medicaid funding that will occur because of the per-capita cap by county. Marketplace subsidy data was provided by Connect for Health Colorado.

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<sup>17</sup> See <http://laborcenter.berkeley.edu/pdf/2017/Medi-Cal-Expansion-under-AHCA.pdf>

<sup>18</sup> *ibid*

### Modeling the repeal of the insurer fee

This analysis assumes that the most common response of health insurers has been to pass on the ACA insurer fee to consumers by higher premiums. Eliminating that fee is assumed then to slightly reduce premiums for Coloradans. This analysis models the elimination of the fee as an increase in household income. We utilized the Congressional Budget Office's 2018 national estimate of \$11 billion in lost tax revenue because of the fee going away, which we pared down into Colorado's share using the state's share of the nation's insured individuals. County estimates were calculated by the county's share of insured.

### Modeling changes in tax on upper-income households

This analysis models the Medicare payroll rate cut, the repeal of the surtax on a taxpayer's net investment income and the reduction of the tax on Health Savings Accounts. These tax cuts are modeled as household income increases for households making more than \$200,000. We allocate the national estimate from the CBO report of \$6.4 billion for Medicare payroll tax cut to Colorado based on Colorado's share of households making more than \$200,000. This means an injection of \$123 million into Colorado for upper income households. The national estimate of \$15.1 billion for the repeal of the tax on net investment income means a \$290 million injection into Colorado, and \$1 billion for HSA reductions means \$19 million to Colorado.

### Modeling the reduction of income threshold for determining Medical Care Deduction

CBO's national estimate is \$9.4 billion. Colorado's share is computed using the state's proportion of households making between \$50,000 and \$200,000 compared to the national figure (\$178 million). The new provisions would decrease the deductibility threshold from 10 percent to 7.5 percent. Since this is an increase in a tax deduction, this is less likely to benefit lower income individuals. This was coded in IMPLAN as a household income increase to households making \$50,000 to \$200,000 because less than 3 percent of the benefit would accrue to households earning less than \$50,000.<sup>19</sup>

### Modeling the repeal of the small business tax credit

CBO estimates that \$1 billion in tax credits will be eliminated nationally. We used Colorado's share of total labor force to determine that \$18 million of additional taxes will be paid by Colorado households. County level data was estimated using the county share of labor force in Colorado which was evenly distributed across all households as a loss of income.

### Modeling employer mandate being eliminated

Under the assumption that penalty payments by employers are passed on to workers in the form of reduced wages, the elimination of the penalty payments is modeled as an increase in household income spread proportionally across Colorado households of all incomes. The CBO projects \$21 billion in federal revenue in 2017 from the penalty. We allocated costs to Colorado using Colorado's share of employees who work at

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19 <http://www.cbpp.org/research/health/lowering-the-medical-expense-deduction-threshold-would-do-little-to-help-taxpayers>

firms with 50 or more employees provided by the Quarterly Census of Employment and Wages from the BLS. The same was done to get county-level data. That meant a \$340 injection of wages into Colorado.

### **Modeling the individual mandate repeal**

The CBO estimates that individual penalties for uninsured individuals would generate \$3 billion in 2017. We calculated Colorado's share from the national estimate base on Colorado's share of uninsured individuals. The same was done for counties by the county's share of the state's uninsured. The elimination of the mandate was modeled as an increase in household income of \$47.4 million.

### **Modeling Tax credits under AHCA**

The subsidies to purchase health care under the ACA would be replaced by smaller tax credits under the AHCA. CBO's latest version of the AHCA score estimates a \$665 billion savings by eliminating ACA's nongroup health insurance subsidies and the new tax credits will cost \$375 billion,<sup>20</sup> roughly half the cost of the ACA subsidies. This analysis used the same \$375 billion estimate to determine how much in tax credits will flow to Colorado under the AHCA provisions (\$197.5 million). This was modeled as household income changes for households making less than \$100,000, since individuals who make less than \$75,000 qualify for those full tax credits, which taper off to zero between \$95,000 and \$115,000, depending upon age. The \$197.5 million in tax credits was distributed to the counties by state proportion of individuals buying private health insurance "directly" as reported on the 2015 U.S. Census.

20 See page 13 <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>





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