



Amendments to House GOP Repeal Bill Only Leave Consumers Worse Off

Late last night the House GOP released a new version of the American Health Care Act (AHCA) – just two days before the full House of Representatives is scheduled to vote on the repeal bill. As now written, the bill would:

- Make even more draconian cuts to the Medicaid program, shifting significant costs to states and putting care for children, veterans, the disabled, and other vulnerable populations that rely on the Medicaid program at serious risk.
- Leave millions of lower- and moderate-income individuals and older adults in the marketplace struggling with drastically higher premiums and deductibles.

Bowing to pressure from the far right wing of the House, the bill also speeds up a massive \$883 billion tax cut for the wealthiest individuals and billion dollar corporations and gives a sweetheart deal to a few Upstate New York Congressmen to secure needed votes.

The bill will head to the House floor without a new analysis from the nonpartisan Congressional Budget Office (CBO) of the impact of the amendments on coverage and the federal deficit. Yet even without a new CBO score, it's clear that none of the changes will do anything to protect the 24 million people at risk of losing coverage under the AHCA.

Amended GOP repeal bill shifts costs to states, continues to gut the Medicaid program

The amended repeal bill continues to end the Medicaid expansion, radically restructures the entire Medicaid program, and shifts cost to states, which would force them to cut Medicaid coverage and benefits for millions. The House GOP is presenting their new amendments as giving states more choices and flexibility. However, the changes marketed as “choices” and “flexibility” all continue to cut billions from federal Medicaid spending, pass costs on to states, and all continue—and in most cases accelerate—the erosion of health coverage and health security for low-income children, seniors, people with disabilities, and adults, including working families.

- The bill continues to end the Medicaid expansion by phasing out the expansion's enhanced federal funding.
- The bill also continues to end Medicaid's guaranteed federal funding match and replace it with capped funding that will grow slower than state Medicaid costs. Capping and cutting Medicaid will affect every state, whether it expanded coverage or not.
 - For children and families, the caps would continue to increase based on a one-size-fits-all inflation index that is below projected increases in state costs.
 - For seniors and people with disabilities, the revised bill would increase the perperson cap inflation adjustment from the Consumer Price Index-Medical (CPI-M) to CPI-M plus 1%. Absent a CBO score, it is unclear how far that inflation measure falls short of actual projected increases in states' costs for serving those populations.

- What is clear is that this revised bill continues to force a uniform inflation measure on states, regardless of changes in their actual cost of caring for these very expensive, high-need populations. This approach continues to place the health care of low-income seniors and people with disabilities at significant risk.

Amended GOP repeal bill lets states “choose” how they want to cut their Medicaid program

The revised bill gives states a “choice” of accepting a per-person capped payment for non-elderly, non-disabled enrollees or a block grant with an inflation index that is even further below states’ likely cost increases (the inflation index for the block grant is the general Consumer Price Index, which is almost always below the Consumer Price Index-Medical).

- This option is designed to choke the Medicaid program more quickly in states that make this election. State coverage requirements would be very broad, and states would be allowed to retain block grant funding they do not use.
- This structure would incentivize states to cut benefits. States electing this option would be locked in for 10 years, forcing future governors and state legislators to make increasingly tough choices with ever dwindling Medicaid funds.

Amended GOP repeal bill incentivizes states to make changes that will, in effect, kick people off Medicaid and end the Medicaid expansion more quickly

States would be allowed, for the first time, to condition individuals’ access to health coverage through Medicaid to a work requirement and cut health insurance for adults who do not meet that requirement. States that elect this option would get added federal funding. We’ve written on the fact that work requirements in Medicaid are counterproductive and do not improve individuals’ health. This option is designed to punish low-income people who are having trouble finding work, or who live in economically depressed areas, rather than actually improving individuals’ health.

Because the Medicaid expansion’s added federal funding ends if someone has a gap in coverage, the work requirement with the disenrollment penalty is designed to effectively end the expansion earlier by allowing states to end coverage based on the requirement.

Amended GOP repeal bill pushes high health care costs on millions, makes no effort to provide adequate financial assistance with private insurance

To be crystal clear, the amendments made to this revised GOP repeal bill make absolutely no changes to improve financial assistance with private coverage. This is despite the clear evidence from CBO that the bill’s financial assistance falls far short of what people get under the ACA and would leave millions of lower- and moderate-income people with drastically higher premiums and out-of-pocket costs.¹ This bill would still provide a flat amount of financial assistance with premiums that grows with age (although not enough) but does not grow for lower- income people or people in high cost states where premiums are more expensive. And this bill still provides no help with out-of-pocket costs like deductibles.



Instead of finding ways to provide adequate financial assistance with coverage to those who need it, the House GOP is deceptively marketing another tax break for the wealthy as “additional support” with high health care costs for low- and moderate-income seniors.² The revised House repeal bill includes a new amendment that would allow people to deduct health care expenses that exceed 5.8 percent of their income from their taxes (right now people can only deduct expenses that exceed 10 percent of their income). Here are the four top reasons this change would do absolutely nothing to help lower- and moderate-income people afford coverage or care.

- **Tax deductions won’t help anyone actually afford coverage:** This bill still guts financial assistance with premiums to such a significant magnitude that CBO projects that millions of lower- and moderate-income people, particularly older adults, would end up uninsured by 2026. Being able to deduct premiums from taxes is useless to the 24 million people who would end up uninsured under this bill because they can no longer afford coverage.
- **This bill still forces lower- and moderate-income seniors to spend close to half their income on premiums.** The amended bill provides no additional help with premiums for older people. 64-year-olds making just over \$26,000 would still have to pay \$14,600 for coverage in 2026 (compared to only \$1,700 under the ACA). This means they would be forced to spend more than half their income on premiums in order to keep health insurance.
- **This bill still provides zero help to lower out-of-pocket costs:** This bill still eliminates the financial assistance under the ACA that has helped reduce deductibles and other out-of-pocket costs for 7 million people. Furthermore, it would push millions of people into less generous coverage, with astronomically higher deductibles. A family of four making \$35,000 could potentially see their deductible jump from \$250 to \$14,000 under this bill.³ That is more than a 5000 percent increase. A tax deduction doesn’t help people afford care and it provides no relief from the financial strain that many families would face if left to pay a \$14,000 medical bill on their own.
- **Tax deductions benefit the wealthy, not low-income people:** In reality, wealthy households get a much larger tax break through any tax deduction. In fact, even if they do face high medical costs, many lower-income people could easily see no financial benefit from this tax deduction. This is simply because many low-income people already have no taxable income with deductions that already exist- adding new deductions will be useless for them.⁴

Some have speculated that this tax change is just an attempt by the House GOP to create a funding source for the Senate to provide additional financial assistance. The premise is that the Senate would reject this change to the tax rules and use the saved money to enhance financial assistance with premiums. The House Ways and Means Committee even seems to hint to this intent in their press statement.⁵

If these speculations are true, this is an immensely reckless act, akin to playing political games with people’s healthcare. It punts the hard work of making sure lower- and moderate-income people are protected, with no guarantee that there are adequate funds to achieve this aim. Early estimates suggest



that the money tied to this tax provision would be wholly inadequate to ensure people have the same amount of help with coverage and care that they have today.⁶

At the end of the day, the House GOP is recklessly pushing forward a bill that will knowingly provide inadequate financial assistance with coverage, and that will leave millions of lower- and moderate-income people uninsured as a result. The revised GOP repeal bill would end Medicaid as it exists today, replace it with a program that is more restrictive for states, pass more costs on to states, and will set back health coverage and access to health care for lower-income people. This is a punitive bill that will hurt residents in every state and hurt state economies. The House should reject the bill.

¹ Congressional Budget Office, *Congressional Budget Office Cost Estimate: American Health Care Act*, (Washington, DC: Congressional Budget Office, March 13, 2017), available online at <https://www.cbo.gov/publication/52486>

² House Committee on Energy & Commerce and House Committee on Ways and Means, *Manager's Amendment (Policy Changes) Section-by-Section Summary H.R. 1628*, (Posted March 20, 2017), available online at <https://rules.house.gov/bill/115/hr-1628>.

³ Lydia Mitts, *Under House Bill Consumers Will Pay More For Less*, (Washington DC: Families USA, March 2017), available online at <http://familiesusa.org/product/under-house-bill-consumers-will-pay-more-less>

⁴ Center on Budget and Policy Priorities, *Policy Basics: Tax Exemption, Deductions, and Credits* (Washington, DC: Center on Budget and Policy Priorities, July 7, 2015), available online at <http://www.cbpp.org/research/policy-basics-tax-exemptions-deductions-and-credits>

⁵ House Committee on Ways and Means, "House Republicans Announce Updates to Strengthen American Health Care Act", *House Committee on Ways and Means*, March 20, 2017, available online at <https://waysandmeans.house.gov/house-republicans-announce-updates-strengthen-american-health-care-act/>

⁶ Ezra Klein, "The New Republican Health Care Bill Doesn't Fix the Old Bill's Problems," *Vox*, March 20, 2017, available online at <http://www.vox.com/policy-and-politics/2017/3/20/14991750/republican-health-bill-ahca-amendments-changes>