

# American Health Care Act

## Position Paper

Revised March 16, 2017



### OVERVIEW

The American Health Care Act (AHCA) was introduced in the House of Representatives on March 6, 2017 and uses the budget reconciliation process to make fundamental changes to the Patient Protection and Affordable Care Act (ACA).

The Affordable Care Act was passed by Congress in 2009 and has been a major success in California, which openly embraced the measure upon its passage.

### MAJOR AHCA CHANGES

Establishes a per capita cap for Medicaid based on 2016 Medicaid enrollment.

Medicaid Expansion states will no longer receive the enhanced Federal Medicaid Assistance Program (FMAP) for newly eligible Medicaid Enrollees after December 31, 2019. In California, it would drop from 95% to 50%.

Requires expansion states to re-evaluate eligibility every 6 months and shortens retroactive coverage from three months to the month of application. Requires citizenship or lawful presence documentation to be provided at time of enrollment, eliminating the ACA's 'reasonable opportunity' period.

Prohibits Medicaid and other federal funding to go to Planned Parenthood for one year. The one year funding, estimated to be \$422 million, will be reallocated to Federally Qualified Health Centers.

Repeals the employer and individual mandates. Also repeals the Prevention and Public Health Fund.

Removes the individual market protections that made health care coverage affordable under the ACA, including guaranteed issue and the 3-to-1 ratio for premium variation, which ensured that sick and elderly individuals were not priced out of the market.

Requires insurers to charge a 30% surcharge on policies for a year when coverage lapses for 63 days or more.

### ACA SUCCESS

The uninsured rate in California fell from 17.2% in 2013 to a historic low of 8.6% in 2015. For community clinics, the rate of uninsured patients dropped from 35% in 2012 to 24% in 2015.

Covered California, the state's health insurance marketplace, built a competitive marketplace that puts 1.2 million consumers in the driver's seat, giving them the power to select plans and providers.

Earlier this year, Covered California reported that 60 percent of consumers receiving tax credits could get a Bronze plan for less than \$10 per month that provides free preventive care and protection for high-cost medical events.

The Medicaid numbers are even more astounding - 3.7 million Californians enrolled in Medi-Cal under the ACA expansion, representing more than a quarter of the 13.6 million Californians now covered under Medi-Cal.

Community health centers saw a 63% increase in the number of Medi-Cal insured patients from 2013-2015. According to a study by the California HealthCare Foundation (CHCF), safety-net clinics are providing care to 54 percent of, or 1.3 million, new patients enrolled in California's Medicaid managed care plans after expansion.

### OUR POSITION

The Affordable Care Act works in California and cannot be repealed without a viable replacement that ensures coverage, affordability, and access to care for all Californians. The AHCA is not a viable replacement.

### FOR MORE INFORMATION

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## Talking Points

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- The Affordable Care Act works in California and cannot be repealed without a viable replacement that ensures coverage, affordability, and access to care for all Californians. The American Health Care Act, is not a viable ACA replacement and will have catastrophic impacts on the health of California's most vulnerable communities.

### Per Capita Cap

- The foundation of the AHCA is a healthcare rationing formula called "per capita cap," which imposes a cap on the funds that the federal government contributes to states for each Medicaid beneficiary with a growth rate that cannot keep up with inflation.
- If Medicaid moved to a per capita cap, there is a strong possibility that coverage programs would be cut, care would be rationed, and the health of our patients would suffer.
- Per capita cap is a financial solution -- not a healthcare solution. We should not balance our nation's budget on the backs of the working poor and our most vulnerable communities.

### Medicaid Expansion and Healthcare Exchanges

- The Medicaid Expansion has proven to be one of the most important aspects of the ACA, providing comprehensive coverage to some of the most chronically ill people who have no other healthcare options.
- The AHCA may make the Medicaid Expansion prohibitively expensive. In California, it will cost taxpayers billions of dollars if federal assistance drops from 95% to 50% of program costs.
- High Risk Pools are not the answer either. They are very expensive and provide low-quality care to people who suffer from the gravest of illnesses and disease. Before the ACA, they were often closed to new enrollment, leaving people with serious disease unable to access any coverage at all.
- The AHCA will effectively dismantle the nation's most successful healthcare exchange, Covered California, by eliminating healthcare subsidies that provide the working poor real options on the open market.

### Patient Protections, Tax Credits, and Health Savings Accounts

- The AHCA severely weakens key ACA patient protections like 'guaranteed issue,' which prohibits discrimination by insurance companies against sick and elderly people with pre-existing conditions.
- The AHCA's tax credits, being much smaller than the ACAs, are not likely to cover the cost of insurance on the open market, especially for the sick and elderly who will see dramatic cost increases due to increased premium variations and a 30% cost increase if someone has a temporary lapse in coverage.
- Health Savings Accounts are a plan for bankruptcy, not healthcare. For the low-income communities we serve, who are struggling to provide their family with food and shelter, they cannot afford to set thousands of dollars aside each year in a Health Savings Account to cover their share of medical expenses before their high-deductible insurance kicks in. Saying they can shoulder this financial weight is misleading at best.