

# Key Talking Points

## American Health Care Act Repealing the Affordable Care Act and Medicaid Cuts



- The Congressional Budget Office found that by 2026, the **American Health Care Act will provide \$883 billion in tax cuts while taking health coverage away from 24 million of the most vulnerable** — children, the poor, the sick, and the elderly.
- The **AHCA radically restructures how Medicaid is funded**. Instead of the federal government paying a percentage of actual Medicaid spending, each state would get a set amount.
  - States will choose between a block grant, a lump sum payment, and a “per capita cap,” a flat amount for certain Medicaid beneficiaries.
  - State budgets will take a big hit: the share of revenue spent on Medicaid will rise from 24.5 percent in 2017 to 28 percent by 2025, per Moody’s Investors Service.
  - To compensate for the loss of federal support, states are likely to divert money from education to health care as well as limit the number of Medicaid beneficiaries, the scope of Medicaid benefits, or both.
  - More than 1.2 million children in Pennsylvania are enrolled in Medicaid.
- Under the Individuals with Disabilities Education Act, **Medicaid reimburses schools for mental health care, vision and hearing screenings, diabetes and asthma management, wheelchairs and hearing aids, and more**.
  - Federal support is substantial — in 2015, Pennsylvania schools received about \$131 million (Source: Centers for Medicare and Medicaid, compilation of 2017 data).
  - Capping federal support for Medicaid will shift costs to the states, jeopardizing services essential for students to learn and thrive, especially those with disabilities.
  - Under the IDEA, school districts are reimbursed for services to Medicaid-eligible students with an IEP or IFSP. Schools would be asked to continue providing services, but with less funding.
  - Students in poverty would suffer most if health care screenings, diagnoses, and treatment services reimbursed by Medicaid would no longer exist in schools.
  - Schools would have to furlough or lay-off school personnel who are paid for, in part or entirely, through Medicaid reimbursement.
  - These cuts would negatively impact the ability to deliver critical mental health services for students.
- What does this mean for our students and schools?
  - **Pennsylvania school districts would lose \$135 million in Medicaid reimbursements** for services and administrative costs that support our neediest students while forcing cuts to critical school-based health services.

- The AHCA provides largely age-based tax credits ranging from \$2,000 to \$4,000 per year — far less than today’s subsidies.
  - For example, according to Kaiser Family Foundation calculations, a 60-yearold earning \$20,000 a year in Lincoln, Nebraska, now gets \$18,470 to help buy insurance and additional subsidies to help with deductibles and co-payments. Under the American Health Care Act, she would get a \$4,000 tax credit for the premium and nothing for other out-of-pocket health care costs. By 2026, the average subsidy under the American Health Care Act would be half the average subsidy under the Affordable Care Act, according to CBO.
- **The AHCA eliminates penalties for individuals not buying — and large employers not providing — health coverage.** But premiums go up 30 percent if coverage lapses for more than 63 days — for example, when someone loses her job and cannot afford to buy health insurance until she gets another one.
  - Overall, CBO predicts substantial increases in out-of-pocket costs for low and moderate-income people due to the decline in subsidies and increase in deductibles and other cost-sharing.
  - Some employers may gut their health plans or stop offering coverage altogether, since they will no longer be penalized for doing so.
- **The AHCA passed through the House of Representatives with a vote of 217-213.**
  - Republican Congressmen Dent, Costello, Fitzpatrick, and Meehan joined all Pennsylvania Democrats and voted “no” on the bill
- **MacArthur Amendment:** The MacArthur Amendment (Tom McArthur R-NJ) was added to appease some of the more conservative members of the house. The amendment allows states to apply for self-executing waivers from the Health and Human Services Department so they can charge customers with pre-existing conditions more than other people.
  - The plan rolls back protections for people with pre-existing conditions, which could increase health care costs for an estimated 130 million Americans. People with pre-existing conditions like diabetes, lupus, Alzheimer’s, mental disorders, arthritis, or cancer could be denied health care. Or the plan would allow insurers to charge more to people who are sick, leading to premium increases upwards of tens of thousands of dollars for coverage that is unlikely to meet their health care needs.
  - The AHCA stipulates that states can allow insurers to charge people with pre-existing conditions more for health insurance (which is banned under the ACA) if the states meet certain conditions, such as setting up high-risk insurance pools. Insurers still cannot deny people coverage outright, as was a common practice before the ACA's passage, but they can hike up premiums to an unaffordable amount, effectively pricing people out of the market.