

Details on the Senate's Medicaid Cut and ACA Repeal Bill and Texas: The "Better Care Reconciliation Act"

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The non-partisan Congressional Budget Office has released its detailed "score" for the U.S. Senate's Medicaid Cut and repeal of the Affordable Care Act (ACA) bill, the "Better Care Reconciliation Act" (BCRA). The CBO's analysis confirms that the bill is in some critical ways even more damaging to health care than the U.S. House's "American Health Care Act."

Though the Senate bill's authors claim they intend to improve U.S. health care, the bill is projected to result in millions more uninsured Americans. Some 15 million more would be uninsured right away in 2018, building to 22 million more uninsured in 2026. By 2026, the scheme would reduce U.S. Medicaid enrollment by 16 percent, leaving 15 million fewer Americans covered by Medicaid, including cuts to Medicaid in non-Medicaid-expansion states like Texas.

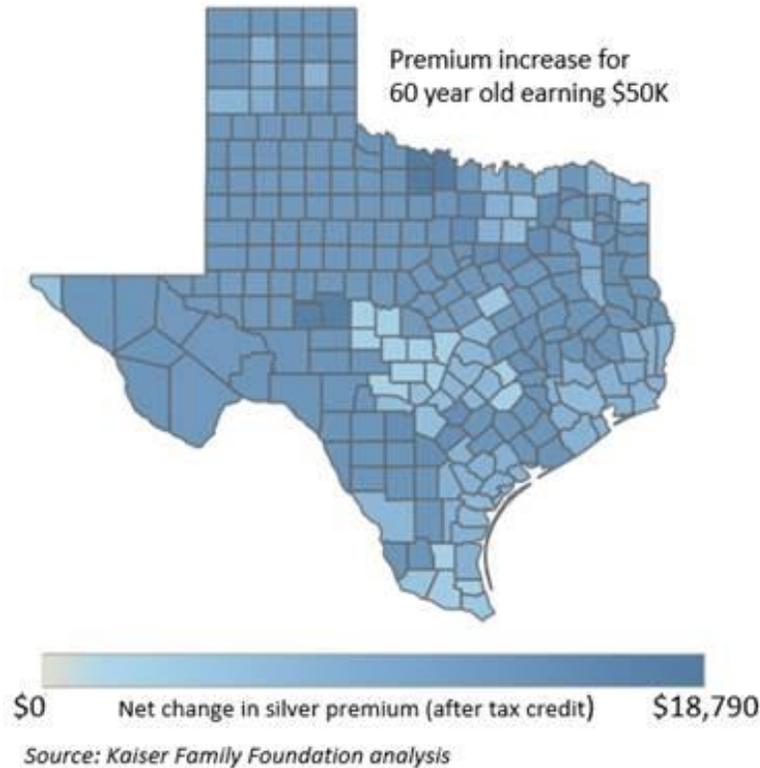
Raising Premiums and Deductibles, and Slashing Subsidies

The Senate proposal makes individual market insurance less affordable for millions of people, especially for low-income individuals and people over age 40. It does so by making the following changes to current law:

- Cuts the value of premium subsidies across the board, by pegging subsidies to skimpier coverage (premium subsidies pegged to Bronze plan in BCRA and Silver plan in ACA). People will either have to pay more in premiums or get a much bigger deductible.
- Skews the current subsidy formula, so that younger enrollees get bigger subsidies and older enrollees (starting at age 40) pay more.
- Ends premium subsidies for people earning between 350-400 percent of the federal poverty level (from about \$42,000-\$48,000/year). This will cause premiums to skyrocket in higher-cost areas (generally rural areas) and for older people.
- Ends subsidies that lower deductibles on a sliding scale for people with Marketplace coverage earning less than 250% of the federal poverty level (\$30,000 a year for one person). Deductibles will soar for people near the poverty line, from \$255 on average today to over \$6,100. **At the poverty line, a person's deductible will be equivalent to half of their income, making "coverage" a mere technicality (poverty income is \$12,060 for an individual).** Far more people with an insurance ID card in their wallet will be unable to afford to access health care. As the CBO score confirms, few low-income people would choose to buy such skimpy coverage.
- Lets insurers charge older people 5 times more than younger people.
- Disqualifies some lawfully present immigrants (including people with work and student visas, and people waiting on their green card approval) from Marketplace subsidies, and going even further than the House bill, prohibits them from buying coverage in the Marketplace even at full cost.

When you take all of these changes together, both premiums and out-of-pocket costs could become much less affordable for millions of Americans. The CBO predicts that these cost increases will cause 7 million people to lose individual market insurance by 2026.

Older Texans Hammered by Age Tax in Senate Health Care Repeal Bill



In every county in Texas, a 60-year-old earning \$50,000 a year will pay much more for individual market insurance than they would today—with 5-digit increases in certain areas of the state. For example, premiums spike more than \$17,000 a year for a 60-year-old earning \$50,000 in Wichita Falls or San Angelo.

Skimpier Benefits = Increased Out-of-Pocket Costs

The Senate bill also lets states easily opt out of ACA protections for Essential Health Benefits, which ensure that certain health policies cover standard care like maternity, mental health, substance use, and prescription drugs. The CBO expects that one in two Americans live in states that will reduce Essential Health Benefit coverage, which will either substantially increase out-of-pocket spending for people who need health care that is no longer covered by their plan or cause people to forego needed health care. We already know what coverage looks like when insurers get to pick and choose what to cover from pre-ACA days. Before the ACA, coverage of mental health and substance use disorder benefits were often excluded, or else very limited in the individual market, and in Texas, there were no policies for sale in the individual market that included maternity services.

Erosion of Protections Against Catastrophic Costs

Under the Senate bill, states can opt-out of two current-law ACA protections against financial ruin in the face of serious illness or injury. First, states could choose to eliminate the annual cap on out-of-pocket spending in the individual and small employer market, and second, states could indirectly gut the ACA prohibition on annual and lifetime limits. The CBO predicts that some people will see large increases in out-of-pocket spending because of these changes. Unlike most other provisions in the bill, the return of annual and lifetime limits could also affect plans offered by employers, weakening coverage protections for people who get insurance through work.

Deductibles Soar Under Senate Health Repeal Plan (Individual Market Coverage)



Source: Kaiser Family Foundation analysis, https://twitter.com/larry_levitt/status/878605553705943040

6-Month Wait after Gap In Coverage

The Senate bill creates a new 6-month waiting period before individual market coverage takes effect for people who have a gap in coverage of more than two months in the previous 12-month period.

Major Medicaid Provisions

CBO estimates Medicaid cuts of \$772 billion over 10 years (a 26% reduction), with 15 million fewer Americans covered by Medicaid in 2026 compared to current law.

Caps Medicaid funds to states under Per Capita Cap funding. CBO does not detail the percentage of the \$772 billion cut that is due to the [Per Capita Cap](#) provision, but experts estimated that about 15 to 20 percent of House AHCA Medicaid cuts were to the pre-ACA Medicaid program, and due to the Per Capita Cap constraint. Texas is estimated to take a \$15 billion loss in federal funds on our current Medicaid program over 10 years.

A Block Grant option is available to states only for coverage non-disabled, non-elderly adults, which in Texas Medicaid means pregnant women and a very small group of impoverished parents.

The Senate cuts projected Medicaid spending even more deeply starting in 2025. The Senate drops its proposed Medicaid annual growth cap down from Medical inflation (CPI-M, or CPI-M plus 1 for seniors and adults with disabilities) to general inflation (CPI-U) in 2025. For the 10-year period scored, CPI-M is about 3.7 percent, and CPI-U 2.4 percent, and CBO projects that cost inflation per person for every kind of Medicaid enrollee will be below that cap rate when it takes effect in 2025. This will begin forcing major cuts in Medicaid benefits, eligibility, enrollment, and provider pay. The Senate picked 2025 because pushing that large cut to the end of the 10-year scoring period helps hide just how deeply they are cutting care.

We will have to wait for experts to derive new state-level impact numbers for the Senate bill (the CBO numbers are nationwide), but we can now safely assume they will be roughly the same or a bit deeper than the \$15 billion Texas is estimated to lose under the House AHCA bill, and the loss of Medicaid coverage close to the 224,000 fewer Texans projected to have Medicaid coverage by 2022 under the House AHCA.

Phases out the Medicaid Expansion's high federal matching funds (in 31 states plus D.C.), and no new states can get that enhanced match. The phasing out of the ACA's Medicaid Expansion for adults in 31 states would account for the largest share of the total 10-year Medicaid cut. Recall that Texas has left roughly \$24 to \$36 billion in federal matching funds on the table just from 2014-2017, by refusing federal funds to insure those adults in our state.

Expansion states have seen big reductions in hospital uncompensated care and improved mental health and substance use disorder treatment access, and the impact of loss of this coverage for low-income parents and other workers will be grave. The Senate bill would of course also eliminate the ACA's high federal match rate for any of the 19 non-expansion states, leaving no promising pathway for Texas to cover our uninsured residents in poverty. (See above: the proposal to "offer" marketplace coverage to working poor would be for insurance with \$6,000-plus deductibles and high co-payments, even though the poverty income is \$12,060 for an individual, and the bill eliminates any assistance to lower deductibles or co-pays).

Other Senate Medicaid Provisions

Here is a list of some additional significant Medicaid cuts and policy changes in the Senate bill:

Ends the higher federal match rate for Personal Attendant Services under the ACA's Community First Choice option. This cuts \$19 billion in federal support for people with disabilities over the decade scored. It will cost Texas over \$35 million a year.

Would allow states to impose Medicaid work requirements on adults unless pregnant, with a disability, or seniors.

Drops the “floor” for covering children in Medicaid to 100% FPL from 133% under the ACA. States that wanted to shrink Medicaid coverage for children could do that.

New limited state option to cover adult inpatient psychiatric hospital services. There would be a limit on days covered and a lower 50 percent federal matching rate.

State option for Medicaid expansion states to re-determine eligibility for adults’ Medicaid coverage every six months.

Ends Hospital-based Presumptive Eligibility.

Lowers the cap on states’ use of Provider Taxes to fund their Medicaid programs.

Planned Parenthood one-year exclusion from Medicaid.

Cancels the ACA’s scheduled Disproportionate Care Hospital (DSH) payment reductions for non-expansion states.

Ends retroactive eligibility (sometimes called “three months prior”) for new Medicaid enrollees. Under this long-standing Medicaid policy (i.e., decades before the ACA), a new Medicaid enrollee who had unpaid medical bills could have those covered for up to three months prior to the date on which her/his application was filed. The Senate bill would limit coverage to the month of application. \

To Take Action:

[Email Senators Cornyn and Cruz](#)

To Learn More:

Kaiser Family Foundation

- [Summary of the Better Care Reconciliation Act of 2017](#)
- [No Easy Choices: 5 Options to Respond to Per Capita Caps](#)
- [Premiums under the Senate Better Care Reconciliation Act](#)
- [Premiums and Tax Credits under the Affordable Care Act vs. the Senate Better Care Reconciliation Act: Interactive Maps](#)

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