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Commentary: No, the House GOP Health Bill Won't Protect Medicaid Beneficiaries

By Jacob Leibenluft

Trump Administration officials have promised that the House GOP bill to repeal the Affordable Care Act (ACA) will protect the 70-plus million people who rely on Medicaid — and in particular, those benefiting from the ACA's Medicaid expansion. “If you're on Medicaid, you're going to stay. The expansion is not going to change,” National Economic Council Director Gary Cohn said on Sunday.¹ And President Trump, who promised during the campaign not to cut Medicaid, told Congress last month that his plans for Medicaid “make sure no one is left out.” Unfortunately — as the Congressional Budget Office's (CBO) analysis² of the House bill shows — the plan the Administration is trying to pass doesn't live up to these promises.

The bill effectively ends the Medicaid expansion, freezing out millions of people who would have gotten coverage and causing *current* enrollees benefitting from the expansion to lose their coverage as well. It also imposes a per capita cap on all of Medicaid, shifting costs and risks to states and putting coverage at risk for millions more seniors, people with disabilities, and families with children.

Indeed, CBO finds that the Medicaid cuts in the bill would result in Medicaid enrollment falling by 14 million, many of whom would make up the 24 million additional uninsured by 2026. The bill *needs* its deep Medicaid cuts — \$880 billion over ten years in total — to offset its hundreds of billions of dollars in tax cuts to the wealthy, pharmaceutical companies, and insurers, and states simply couldn't make those cuts without harming millions of Medicaid beneficiaries.

The House plan makes the Medicaid expansion financially unsustainable for states, effectively ending it. The ACA enabled states to expand Medicaid to low-income adults by covering at least 90 percent of the cost permanently. Under the House bill, states would no longer

¹ Anna Edney and Zachary Tracer, “White House Pledges No One ‘Worse Off’ in Obamacare Replacement,” Bloomberg, March 12, 2017, <https://www.bloomberg.com/politics/articles/2017-03-12/white-house-pledges-no-one-worse-off-in-obamacare-replacement>.

² Congressional Budget Office, “Cost Estimate: American Health Care Act,” March 13, 2017, <https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>.

receive this enhanced match for new enrollees beginning in 2020 — meaning it would cost them 2.8 to 5 times more than under current law to keep covering these people.³

Because of this cost shift, most expansion states would ultimately have to drop the expansion. In seven states, expansion coverage would end automatically due to state laws requiring it to end if the federal match rate falls or requiring the state to prevent an increase in state Medicaid costs. In most of the other 25 expansion states, the additional costs would likely prove too much for states to absorb and cause them to drop the expansion over time.

People now enrolled through the expansion won't be protected. Under the House bill, an expansion enrollee who left the program for more than one month could no longer receive the enhanced match. But because low-income adults cycle on and off Medicaid due to changes in financial circumstances, states would very quickly find that the large majority of their Medicaid expansion population didn't qualify for the enhanced match. As CBO explains: "On the basis of historical data (and taking into account the increased frequency of eligibility redeterminations required by the legislation), CBO projects that fewer than one-third of those enrolled as of December 31, 2019, would have maintained continuous eligibility two years later."

That means states would rapidly face higher costs for the large majority of their Medicaid enrollment. That would force many states to drop the entire expansion, including for current enrollees. And that would mean a low-wage worker on Medicaid who got a better job with health benefits and was later laid off wouldn't be able to get her Medicaid expansion coverage back when she needed it.

Ohio Gov. John Kasich, a Republican, addressed the fate of Medicaid expansion under the House bill Sunday, explaining that it was "not right" to say that Medicaid expansion enrollees in his state would be protected: "I mean, first of all, Medicaid expansion, which has covered 700,000 people in my state, a big chunk of whom are mentally ill and drug addicted and have chronic diseases. They tend to churn [on and off Medicaid]." Governor Kasich also advised House Republicans how to improve their bill: for starters, "don't kill Medicaid expansion."⁴

The bill's per capita cap would put even more Medicaid enrollees at risk. The House bill would cap federal Medicaid funding and shift costs to states, resulting in large and growing cuts to the overall program over time. Because Medicaid is already efficient,⁵ such large cuts would likely require states to ration care. As CBO's analysis explains:

With less federal reimbursement for Medicaid, states would need to decide whether to commit more of their own resources to finance the program at current-law levels or whether to reduce spending by cutting payments to health care providers and health plans,

³ Edwin Park, Aviva Aron-Dine, and Matt Broaddus, "House Republican Health Plan Shifts \$370 Billion in Medicaid Costs to States," Center on Budget and Policy Priorities, March 8, 2017, <http://www.cbpp.org/research/health/house-republican-health-plan-shifts-370-billion-in-medicaid-costs-to-states>.

⁴ NBC News, "Meet the Press" transcript, March 12, 2017, <http://www.nbcnews.com/meet-the-press/meet-press-03-12-17-n732406>.

⁵ Edwin Park, "Medicaid Works: 10 Key Facts," Center on Budget and Policy Priorities, July 27, 2016, <http://www.cbpp.org/blog/medicaid-works-10-key-facts>.

eliminating optional services, restricting eligibility for enrollment, or (to the extent feasible) arriving at more efficient methods for delivering services.

The impact would be even more dire if states face unanticipated cost increases due to an emergency like the opioid epidemic or a new breakthrough, but costly, treatment. States would have to cover the full costs of these increases themselves.

The end result? More than 63 million children and families, seniors, and people with disabilities who use Medicaid — *on top of* those who benefit from the expansion — would find their coverage and services at risk, directly contrary to the Administration's assurances.