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Cassidy, Graham State Estimates Irrelevant to Assessing Their Health Bill's Effects

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In rolling out their revised bill to repeal the Affordable Care Act (ACA), Senators Bill Cassidy and Lindsey Graham released estimates purporting to show that most states would see large funding gains under their proposal.[1] But these estimates *do not compare states' funding under the proposal to what states would receive under current law*, the relevant comparison. Instead, *they show how each state's funding under the proposed block grant would change over time.* In reality, the Cassidy-Graham plan would cut federal funding for coverage programs by about $80 billion in 2026 compared to current law, leading to cuts in most states, and would cut federal funding by about $300 billion in 2027, with funding cuts in all states.[2]

Estimates Reflect Irrelevant Comparison

Senators Cassidy and Graham have described their estimates as comparisons of states' funding in 2026 under their plan versus the "status quo."[3] But where "status quo" should refer to projected federal funding in 2026 under current law — in order to understand the impact of changing the law by enacting the Cassidy-Graham bill — the Senators are instead comparing federal funding under their bill in 2026 to funding in earlier years (2016 for some estimates and 2020 for others).[4]

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[1] The Cassidy Graham estimates discussed in this analysis are available at: https://www.cassidy.senate.gov/imo/media/doc/Graham-Cassidy-Heller-Johnson%20Model_9-12-17.pdf.

[2] For state estimates for 2026, see Jacob Leibenluft *et al.*, "Like Other ACA Repeal Bills, Cassidy-Graham Plan Would Add Millions to Uninsured, Destabilize Individual Market," Center on Budget and Policy Priorities, September 13, 2017, https://www.cbpp.org/research/health/like-other-aca-repeal-bills-cassidy-graham-plan-would-add-millions-to-uninsured. For estimates for 2027, see Edwin Park and Matt Broaddus, "Cassidy-Graham Plan's Damaging Cuts to Health Care Funding Would Grow Dramatically in 2027," Center on Budget and Policy Priorities, updated September 16, 2017, https://www.cbpp.org/research/health/cassidy-graham-plans-damaging-cuts-to-health-care-funding-would-grow-dramatically-in.

[3] For example, Senator Cassidy used this language repeatedly at the press conference rolling out the bill on September 13, https://www.youtube.com/watch?v=5yCnxV7Musc.

[4] In the table the Senators released, there is no ambiguity about this. For example, the aggregate funding comparisons are labeled "pct. change, 2020-2026." The per-beneficiary funding comparisons are labeled, "amt. per ben. change (%), 2020-2026," although, as explained below, this comparison is actually between 2026 and 2016 funding levels.

That comparison is meaningless as a measure of the proposal's impact, because funding would rise over time under current law as well. Table 1 below illustrates the problem. It shows nationwide federal funding under current law for the ACA's Medicaid expansion and marketplace subsidies in 2020 and 2026, compared to the Cassidy and Graham estimates for those years. Cassidy and Graham are reporting the state-level equivalents of the $66 billion increase in funding under their proposal over time (not adjusted for health care cost growth or enrollment growth). But the relevant comparison is the $41 billion decrease in funding under their proposal in 2026 compared to current law.

TABLE 1

Cassidy Graham Estimates of Funding Under Their Plan Compared to Current Law Funding for Medicaid Expansion and Marketplace Subsidies

	Current Law (Billions of Dollars)	Cassidy-Graham (Billions of Dollars)	Change, Cassidy-Graham v. Current Law
2020	166	134	-32
2026	241	200	-41
Change, 2020-2026	75	66	N/A

Source: CBPP calculations based on CBO data and Cassidy-Graham estimates

One way to see the absurdity of Cassidy and Graham's approach is to examine their estimates for California and New York. The Senators have said that one of the core goals of their bill is to redistribute funding from California and New York to the rest of the country.[5] Yet their estimates show that New York's funding would rise between 2020 and 2026 under the bill, while California's would stay roughly the same. So, by their metric, New York is a winner and California is held harmless — directly contradicting the Senators' own statements.

In fact, when measured accurately, New York and California are both losers in 2026, as are most states (as explained below). That's because showing that funding rises over time is irrelevant to measuring a plan's impact — as multiple independent fact checkers concluded when President Trump and other Administration officials tried to argue that their budget and earlier congressional ACA repeal bills wouldn't cut Medicaid.[6] Similar to Cassidy-Graham's statements, the Trump budget and earlier repeal bills would cut Medicaid and other health care funding deeply compared to what would be spent under current law, but Administration officials claimed that funding wouldn't be cut because funding levels would still rise over time.

[5] See for example John McCormack, "One Last Shot at Obamacare: What Is in the Graham-Cassidy-Heller-Johnson Bill," *Weekly Standard*, September 14, 2017, http://www.weeklystandard.com/one-last-shot-at-obamacare-what-is-in-the-graham-cassidy-heller-johnson-bill/article/2009664.

[6] See for example: Josh Boak, "AP Fact Check: No Medicaid Cuts in Trump Budget? Really?" Associated Press, May 24, 2017, https://www.usnews.com/news/business/articles/2017-05-24/ap-fact-check-no-medicaid-cuts-in-trump-budget-really; Jon Greenberg, "Kellyanne Conway's Mostly False Claim That GOP Bill Doesn't Cut Medicaid," PolitiFact, June 26, 2017, http://www.politifact.com/truth-o-meter/statements/2017/jun/26/kellyanne-conway/does-senate-health-care-bill-cut-medicaid/; Linda Qiu, "Fact Check: These Statements by Trump Cabinet Don't Match Policy," *New York Times*, June 13, 2017, https://www.nytimes.com/2017/06/13/us/politics/trump-cabinet-fact-check.html?_r=0; and Michelle Ye Hee Lee, "President Trump's Claim Medicaid spending in Senate Health Bill 'Actually Goes Up,'" *Washington Post*, June 30, 2017, https://www.washingtonpost.com/news/fact-checker/wp/2017/06/30/president-trumps-claim-medicaid-spending-in-senate-health-bill-actually-goes-up/?utm_term=.f38d857f84b2.

Estimates Have Additional Major Flaws

There are other major problems with the Cassidy-Graham estimates as well:

- **They completely ignore one of the bill's major proposals: its Medicaid per capita cap.** In addition to replacing the ACA's Medicaid expansion and marketplace subsidies with a far smaller block grant, the Cassidy-Graham proposal imposes a "per capita cap" on federal funding for the rest of the Medicaid program, cutting federal funding for seniors, people with disabilities, and families with children by an estimated $39 billion in 2026. Cassidy and Graham's published estimates simply ignore this major part of their proposal.
- **They mask the proposal's devastating long-run effects.** After 2026, the Cassidy-Graham proposal would end block grant funding entirely, and the cuts from its Medicaid per capita cap would keep growing. As a result, the bill's total cut would rise from an already deep $80 billion in 2026 to about $300 billion in 2027, with commensurate increases in cuts for individual states.
- **The estimates of changes in per-beneficiary funding are even more flawed.** These estimates compare per-beneficiary funding under the Cassidy-Graham proposal in 2026 with per-beneficiary funding under current law in 2016 (as estimated by Cassidy and Graham) — a full decade earlier.[7] Despite the fact that these are estimates from ten years apart, there is no adjustment for health care cost growth. Moreover, the calculation assumes the same number of "eligible" beneficiaries in 2026 as in 2016, even though, given population growth, the number of people needing assistance would almost certainly rise over the course of ten years.

Cassidy-Graham Plan in Fact Results in Deep Cuts

Estimates for the meaningful comparison — funding under Cassidy-Graham and current law, taking into account both the block grant and the per capita cap — show:

- In 2026, most states would get less federal funding under the Cassidy-Graham block grant than they'd receive under current law for the Medicaid expansion and marketplace subsidies. Twenty states would be hit especially hard, with cuts ranging from 35 percent to nearly 60 percent.
- By 2027, every state would see large, damaging cuts in federal funding.

What's more, even these numbers substantially understate Cassidy-Graham's harm to state budgets and to the tens of millions of people nationwide with coverage through the ACA marketplaces, Medicaid expansion, or the underlying Medicaid program. The proposal's radical overhaul of these programs through a block grant and per capita cap would shift huge risks to states, making it impossible for states to maintain robust coverage programs over time, and would leave millions of low- and moderate-income people with no guarantee of coverage or financial assistance.

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[7] The Cassidy-Graham table labels these estimates as comparisons to per-beneficiary funding in 2020, but an examination of the numbers shows that they in fact compare to per beneficiary funding in 2016, calculated based on the 2016 total funding column.