

REPEAL & REPLACE ACTIVITY REPORT **FOR THE WEEK OF MARCH 17th, 2017**

ACA Repeal and Replace

AHCA passes Budget committee¹

The Republican proposal to overhaul the Affordable Care Act cleared a key hurdle Thursday, as the House Budget committee narrowly voted to move it to the House floor and recommended a series of changes to the plan reflecting concerns from conservatives and centrists. All of the panel's Republicans and five Democrats supported a motion to change the system of tax credits created under the plan to ensure they are "afforded to the population that they are intended to serve," an idea embraced by many, including among centrists whose votes could be key.

The committee voted along party lines for a pair of motions supporting additional cuts to Medicaid beyond what's in the bill — and for a third motion endorsing a requirement that "able-bodied" participants in the program work in exchange for their benefits. Conservatives have championed these ideas. It remains unclear whether the Budget Committee's nonbinding recommendations will make it into the final bill. Any substantive changes to the measure would be made by the House Rules Committee, which controls how the measure is presented and debated on the floor.

The panel voted 19 to 17 to advance the bill before it started the hours-long process of debating various changes to propose. Three Republicans voted against it — Reps. Dave Brat (Va.), Gary Palmer (Ala.) and Mark Sanford (S.C.) — all of them members of the House Freedom Caucus, a group of hard-right lawmakers. All the Democrats voted against it. Rep. Mark Meadows (R-N.C.), the chairman of the Freedom Caucus, said the group is now drafting changes that they believe could garner widespread support and that could be introduced as soon as Friday. He declined to discuss what might be in the package but said he was in talks with multiple senators about it.

The proposed change to the tax credits, which are in the bill to replace federal insurance subsidies in the ACA, was by far the most bipartisan sentiment of the day. The motion offered by Rep. Tom McClintock (R-Calif.) captured the concerns of members in both parties who have suggested focusing them more squarely on the working poor. The credits would be available to individuals making up to \$115,000 a year under the present bill.

¹ https://www.washingtonpost.com/powerpost/obamacare-revision-moves-to-next-step-thursday-house-budget-committee/2017/03/15/31fa1ec8-09f5-11e7-93dc-00f9bdd74ed1_story.html?utm_term=.b275880f9c36

One of the proposed revisions that passed solely with Republican support, offered by Rep. Todd Rokita (R-Ind.), favored allowing the option for states to choose a Medicaid “block grant” in lieu of the capped reimbursement model embraced by the GOP bill. Under a block grant model, states would get a fixed payment they could use to provide health care largely as they please, although the payments would not necessarily grow with the population eligible for government aid. Another, from Rep. Matt Gaetz (R-Fla.), expressed support for amendments to the bill “that do not incentivize new Medicaid enrollment.” Palmer, who offered the motion to add work requirements, said the ACA transformed Medicaid into “a permanent welfare benefit” that defied the original purpose of the program.

The House is expected to vote on the AHCA on Thursday, March 23rd, the 7th anniversary of the signing of the ACA, indicating that GOP leaders believe they have the 216 necessary votes to pass the bill.²

CBO cost estimate for the American Health Care Act released^{3,4}

A week after drafts of the Republican ACA replacement plan, known as the American Health Care Act (AHCA), were released, the Congressional Budget Office (CBO) published their score of the bill. The CBO’s report estimates that 14 million more Americans would be uninsured under the AHCA in 2018, compared to current law. This number would increase to 24 million by 2026, when 52 million people would be uninsured instead of the expected 28 million under the ACA. Within these coverage losses, the elderly and the low-income appear to be those who will be the most adversely affected. With the ACA’s subsidizations being transitioned to set tax credits accompanied by increased ratios in age rating, concerns of access to care have only been further compounded. These burdens weigh the heaviest on low to middle income individuals in their 50’s and 60’s, an age demographic holding significant proportion of GOP constituents.

The report also expects premiums in the nongroup market to be 15 to 20% higher in 2018 and 2019 than under current law. However, starting in 2020, the CBO estimates that “changes in premiums relative to those under current law would differ significantly for people of different ages” because of the AHCA’s changes to age-rating rules and reduction in tax credits for many older adults who purchase their coverage on the individual market. Young adults would likely see their premiums go down, while older adults would see substantial raises in their premiums.

The CBO also estimated the cost of the legislation and found that it would decrease the federal deficit by \$337 billion over the 2017-26 period. This comes from a \$1.2 trillion decrease direct spending, which is partially offset by an \$883 billion reduction in revenues. A large portion of the decrease in direct spending comes from a cut to federal Medicaid funding of \$880 billion over the next 10 years. This massive cut to the Medicaid program would result in 14 million Medicaid beneficiaries losing their coverage. The other \$312 billion of spending that the AHCA

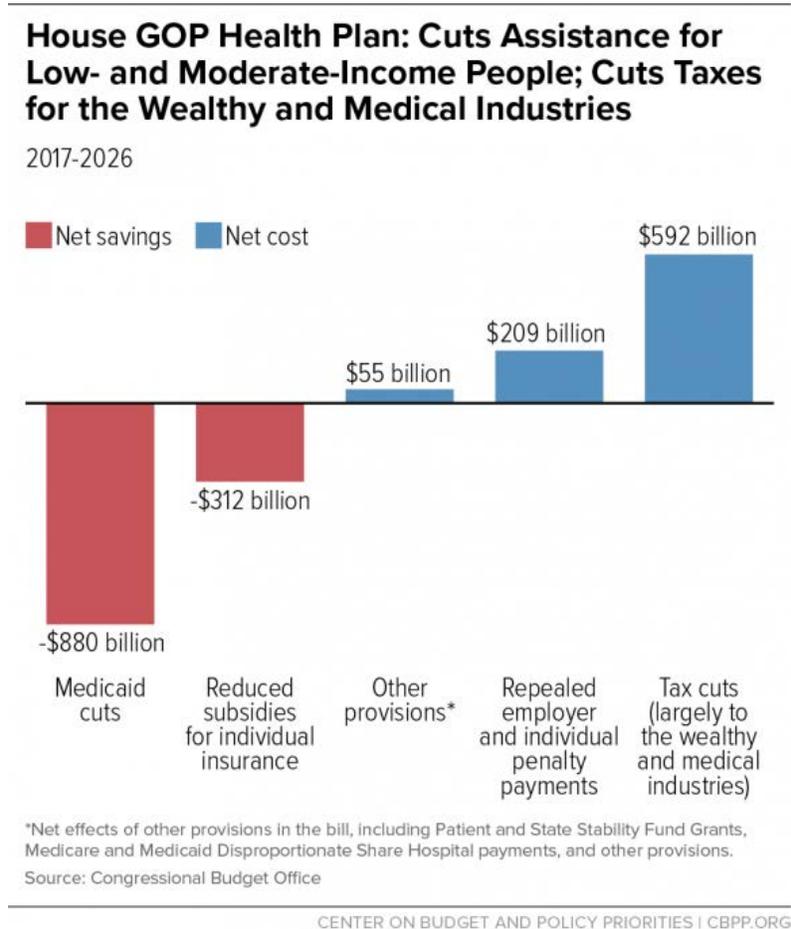
² <http://www.politico.com/story/2017/03/house-to-vote-thursday-on-gop-obamacare-replacement-236168>

³ <https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>

⁴ <http://www.cbpp.org/blog/for-house-gop-health-bill-deficit-reduction-and-coverage-loss-for-millions-go-together>

cuts would come from subsidies to help individuals purchase their insurance on the individual market.

The costs of the bill (\$883 billion reduction in revenues) include \$592 billion in tax cuts to largely wealthy individuals and medical industries and \$209 billion in lost revenues from repealing the employer and individual mandates.



Ryan: Health care plan must change to pass the House⁵

House Speaker Paul Ryan said Wednesday that his health care proposal must change to pass the House, marking a significant retreat from his earlier position that the carefully crafted legislation would fail if substantially altered. Ryan acknowledged that changes would be made two days after an analysis issued by the CBO prompted a fresh round of criticism of his proposal. “Now that we have our score we can make some necessary improvements and refinements to the bill,” he said, referring to the CBO’s estimate of the effect on the number of those covered by health insurance and what the GOP proposal would cost. Ryan did not detail what changes are under consideration to his plan. Policy changes that have been identified as

⁵ https://www.washingtonpost.com/powerpost/speaker-paul-ryan-doubles-down-on-gop-health-care-plan-amid-opposition/2017/03/15/872c4f3c-0974-11e7-93dc-00f9bdd74ed1_story.html?utm_term=.c356d11ac80b

being in the mix include moving up the Medicaid enrollment freeze from 2020 and raising tax credits for peoples ages 50 to 65.⁶ Any substantive changes would be made by the House Rules committee, which controls how the bill is presented and debated on the floor.

Ryan plans to hold a House floor vote next Thursday, and Trump administration officials have spent the past two days in near-constant discussions with Republican lawmakers as they scramble to find enough votes to pass the measure. Leaders were set to take a preliminary count of members supporting the bill Wednesday night. Critics of the legislation warned Wednesday that the measure remains far short of the 216 votes needed for passage. Typically, 218 votes are needed to pass a bill in the 435-member House, but five pending vacancies have reduced that threshold. No Democrats are expected to support the bill, and with 237 Republicans, party leaders can afford no more than 21 defections.

One member of the Budget Committee who belongs to the Freedom Caucus, Rep. Dave Brat (R-Va.), said he will vote against the bill in committee. Two other Freedom Caucus members, as well as three others on the panel, have not said how they will vote. One conservative Budget Committee member who has voiced concerns about the bill said Wednesday that he had been persuaded to advance it.

Rep. Glenn Grothman (R-Wis.) said he would support the legislation in the panel based on an “implied promise that things are going to be different on the floor, and therefore we can keep the process moving.” He declined to say exactly who had made that promise: “People higher up on the food chain than me.” “I’ll say this, if the bill that comes to the floor is the exact same one in Budget, I’ll feel a little bit that I’d been had,” he said. House Majority Whip Steve Scalise (R-La.) acknowledged in an interview with MSNBC on Wednesday that the bill remains under - negotiation.

KFF: More Americans expect Republican replacement will make things worse⁷

The Kaiser Health Tracking Poll conducted March 6-12, 2017, asked Americans about their perception of the potential effects of the Republican replacement plan to the ACA. 48% of Americans think the Republican plan will decrease the number of people who have health insurance (compared to 30% who think it will stay about the same and 18% who think it will increase). 48% of Americans think that costs for people who buy their own insurance will increase and 43% think deductibles will be higher. The responses to these questions differed by political affiliation, with the majority of Democrats reporting that the Republican plan will have negative consequences and Republicans expressing more mixed views. The overall views of Americans on the ACA held steady since February, with 49% of Americans reporting having a favorable view of the law and 44% reporting viewing the law as unfavorable.

⁶ <http://www.politico.com/tipsheets/politico-pulse/2017/03/gop-health-bill-can-house-republicans-pull-it-together-219279>

⁷ <http://kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-aca-replacement-plans-womens-health/>

Commonwealth Fund: State scorecard shows California one of five states to make the greatest gains between 2013 and 2015⁸

The Commonwealth Fund's new state health system scorecard found that every state saw insurance coverage improvements between 2013 and 2015. The report also found that Americans received safer, better-quality care in 2015. The five states that rose the most in the rankings, California, Colorado, Kentucky, New York, and Washington, all expanded Medicaid and created their own state-run health insurance exchange. Vermont is the top-ranked state in the report, followed by Minnesota, Hawaii, Rhode Island, and Massachusetts. The scorecard draws on data from a wide range of databases, including the ACS, CPS, BRFSS, and CMS Hospital Compare.

Medicaid

Trumpcare's \$880 billion cut to Medicaid is an attack on seniors⁹

About 6 million seniors receiving Medicare are also enrolled in Medicaid, which doesn't include those older adults in their fifties and sixties. With the growing elderly demographic, the need for long-term care and supports will grow as well. Medicaid covers 60% of nursing home residents and forty percent of long term care services and supports. Per-capita caps in the GOP plan do not take into account the increase in healthcare costs in an aging population.

Medicare

Experts worry ACA repeal plan puts Medicare trust fund at risk¹⁰

One of the lesser known aspects of the Republican plan is the threat to the Medicare trust fund. Specifically, the bill repeals a 0.9 percent Medicare Hospital Insurance (HI) payroll tax on high-income earners, which supports the Medicare Part A trust fund. The hospital payroll tax repeal would lead to a loss of \$117 billion in revenue by 2026, according to the Joint Committee on Taxation, the most significant loss among the revenue provisions in the House GOP plan.

The cuts will bring the Medicare trust fund several years closer to running out of money. The Centers for Medicare and Medicaid Services and the Congressional Budget Office estimate the repeal would speed up the trust fund's insolvency date from 2026 and 2028 under current law, to 2024 or 2025. After that date the trust fund would only be able to pay for 87 percent of Part A benefits, according to the nonpartisan Committee for a Responsible Federal Budget. Overall, this aspect of the repeal bill is causing great concern among Medicare advocates and hospital systems.

⁸ <http://www.commonwealthfund.org/interactives/2017/mar/state-scorecard>

⁹ http://www.huffingtonpost.com/entry/trumpcares-880-billion-cut-to-medicare-is-an-attack_us_58ca930be4b0537abd956e46

¹⁰ <http://thehill.com/policy/healthcare/324102-experts-worry-obamacare-repeal-plan-puts-medicare-trust-fund-at-risk>

Other news

NIH would see huge budget cut under President's budget proposal¹¹

Under President Trump's new budget proposal, the NIH would take a \$5.8 billion cut, despite promises he made during his campaign. This would force the NIH and its 27 institutes and centers to undergo a severe restructuring putting the Fogarty International Center in jeopardy. The Trump plan would also move the Agency for Healthcare Research and Quality, which has been under HHS, into the NIH. This reversal in funding would reverse the trend of an increase in funding that took place under the Obama Administration.

¹¹ https://www.washingtonpost.com/national/health-science/nih-would-see-huge-budget-cut-under-presidents-proposal/2017/03/15/8b6345cc-099e-11e7-93dc-00f9bdd74ed1_story.html?utm_term=.693834497e36