

# American Health Care Act: A Summary and Resources

(As passed by the House on May 4<sup>th</sup>)

## Medicaid

- Beginning in 2020, ends the entitlement status of the Medicaid program which guarantees that everyone meets eligibility criteria receives coverage.
- Changes the financing for the Medicaid program from a federal/state matching formula where the federal government pays a certain percentage for every dollar spent individuals who meet eligibility criteria to a per capita cap that will be based on 2016 allotments and will be adjusted annually for medical inflation.
- Effectively immediately no new states would be able to adopt the Medicaid expansion.
- Beginning in 2020, phases out the Medicaid expansion in the 31 states and DC that implemented it, by no longer paying the enhanced rate for new enrollees and discontinuing the enhanced rate for enrollees who have a gap in coverage for a month or more.
- Repeals Essential Health Benefits for the expansion population beginning 2020.
- Allows states to impose work requirements on most Medicaid beneficiaries beginning Oct. 1, 2017.

## Individual Insurance Market/Marketplace Coverage

- Repeals the individual mandate and penalty for not having insurance back to 2016.
- Changes premium tax credits to a flat rate adjusted for age to try to offset the increased premiums allowed for older individuals. Current premium assistance under the ACA is based on income and tied to average plan costs.
- Ends cost sharing reductions (also referred to as cost sharing subsidies) in 2020.
- Allows for premiums to be adjusted for age based on a 5:1 rating and for states to apply for waivers to impose a higher age rating. Under the ACA, plans can adjust for age using a 3:1 rating.
- Allows states to waive the [Essential Health Benefit](#) requirement that requires insurers to cover 10 core services, including USPSTF recommended preventive services, mental health and substance use services, pediatric dental care and maternity care. Because the annual and lifetime limits on out-of-pocket costs are tied to the Essential Health benefits, this protection would be lost in states that waive the Essential Health Benefits.
- Requires insurers to impose a 30% premium penalty for up to 12 months individuals who have a gap in coverage of 63 or more days.
- Allows states to apply to waive community rating for individuals who have a gap in coverage of 63 days or more so that plans can adjust premiums based on health status.
- Creates a Patient and State Stability Fund of \$138 billion that would be available to states to offset premium increases in a variety of ways, including creating state high risk pools.

## Other Provisions

- Repeals the [Prevention and Public Health Fund](#), which currently represents 12% of the Centers for Disease Control and Prevention's budget.
- Bars federal funding for Planned Parenthood for one year.

## Congressional Budget Office Highlights

- 14 million fewer individuals would be covered in 2018.

- 23 million fewer individuals would be covered by 2026, including 14 million fewer who would have been eligible for Medicaid coverage.
- \$834 billion would be cut from federal Medicaid spending by 2026.
- Reduces taxes by \$664 through the repeal or delay of taxes on high income individuals, repeal of taxes imposed on manufacturers in addition to other tax adjustments.
- \$119 billion in deficit reduction would be realized by 2026.

### Healthcare Coverage Data

- According to [GALLUP poll data](#), in 2016, the uninsured rate was at an all-time low of 10.9% but increased slightly in the first quarter of 2017 to 11.3%.
- According to analysis conducted by Kaiser Family Foundation, at the end of the first quarter of 2016, more than 14.4 million gained coverage through the Medicaid expansion. Total Medicaid enrollment in the same period was more than 73.2 million.
- 12.2 million individuals enrolled in a plan available through the ACA's Marketplaces in 2017 down slightly from the 12.7 million who enrolled in 2016.
- According to analysis conducted by the Kaiser Family Foundation, based on 2011 data 42% of individuals with HIV in care were on Medicaid (or 242,000 individuals). This percentage has likely increased with the Medicaid expansion.
- The uninsured rate among people with HIV decreased by 7 percent in Medicaid expansion states from 2012 to 2014. Medicaid coverage for individuals with HIV jumped from 39% to 51% in Medicaid expansion states from 2012 to 2014 (the first year of the Medicaid expansion). There was no change in the uninsured rate in non-Medicaid expansion states for individuals with HIV.
- Additional analysis conducted by Bradley et al, found that viral suppression rates increased significantly from 2012 to 2014 by 6% in Medicaid expansion states as compared to non-significantly by 4% in non-Medicaid expansion rates.

### Resources

- Bradley, H., et al. CROI 2017. [Health Care Coverage and Viral Suppression Pre- And Post-ACA Implementation](#). Abstract Number: 1012.
- Families USA. [Final Open Enrollment Numbers Show Affordable Care Act Is Delivering Coverage People Want](#). March 15, 2017
- Congressional Budget Office. Cost Estimate. [HR 1628 American Health Care Act of 2017. As passed by the House of Representatives on May 4, 2017](#). May 24, 2017.
- Kaiser Family Foundation. [Summary of the American Health Care Act](#). May 2017.
- KFF. [Insurance Coverage Changes for People with HIV Under the ACA](#). February 2017.
- KFF. [Medicaid and HIV](#). October 2016.
- KFF. [Medicaid Enrollment Data as of March 31, 2016](#).
- KFF. [Medicaid's Role for Individuals with HIV](#). April 2017.
- KFF. [Premiums and Tax Credits Under the Affordable Care Act vs. the American Health Care Act: Interactive Maps](#). April 27, 2017.
- KFF. [Where Medicaid Stands: From the AHCA to State Waivers](#). May 24, 2017.