



*For people with intellectual
and developmental disabilities*

Major Provisions of the American Health Care Act (H.R. 1628)

Medicaid Per Capita Caps Are Harmful to People with Disabilities: For over 50 years, the federal government has partnered with the states to cover eligible individuals and actual costs of health care and community living provided through the Medicaid program. The House-passed American Health Care Act (AHCA, H.R. 1628) radically restructures the financing of the Medicaid program to pay for the repeal of the tax provisions and other revenue producing provisions of the Affordable Care Act. As a result, deep cuts to a program providing health care and community living supports for low income people are funding tax breaks that largely benefit corporations and wealthy individuals. Major changes include:

- Beginning in Fiscal Year 2020, the AHCA would convert Medicaid financing to a per capita cap and would sunset the enhanced match for states that expanded Medicaid, resulting in an over \$800 billion cut to the Medicaid program over 10 years.
- Under the per capita caps proposal, only an increase in eligibility and a small inflator would adjust the federal payment. Federal spending would not increase based on rising health care costs or due to people aging into needing more health care or long term supports and services.
- The per capita cap proposal would force states to find funding to make up the difference in the federal support or figure out what eligibility group to cut, what services to roll back, how to lower reimbursement for services, or otherwise make up for the lost federal support.
- The bill creates a state option for Medicaid block grants for children, adults who are not seniors or people with disabilities, or both children and adults. It is unclear how people with disabilities will be defined in this and other exemption provisions.

Loss of the Medicaid Expansion Hurts People with Disabilities: The Medicaid expansion benefits people with living with chronic health conditions and disabilities. One study showed that individuals with serious mental illness were 30 percent more likely to receive treatment when they were covered by Medicaid. Another study found that a significant number of people in the Medicaid expansion population have chronic health conditions and disabilities. Each year about 1.5 million people with disabilities are in the waiting period for Medicare and the Medicaid expansion provides another health insurance option



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for these individuals. The House-passed AHCA:

- Codifies the US Supreme Court's decision that made the Medicaid expansion a state option and repeals the state option to extend coverage to adults above 133 percent of federal poverty (\$16,400 for an individual, \$47,550 for a family of 4).
- Repeals the requirement that Medicaid alternative benefit programs cover essential health benefits including rehabilitative and habilitative services and devices, mental health services, prescription drugs, and other basic health care services required by the ACA.
- Incentivizes states to take the option to create work requirements for adults (exempts seniors, children, people with disabilities, and parents of children under age 6 or parents with a child with a disability).
- Requires eligibility redeterminations every 6 months for expansion enrollees.

Other Harmful Medicaid Provisions

- Eliminates the extra 6 percent increase in federal match for states that choose the Community First Choice Option, an option that lets states provide a comprehensive community based alternative to facility-based services.
- Reverts the mandatory Medicaid income eligibility level for children back to 100 percent of federal poverty level (\$11,880 for an individual, \$24,300 for a family of 4) for children between the ages of 6-19 (from its current level of 133 percent of poverty).
- Eliminates the 3 month retroactive coverage requirement (changes it to the month of application). This change could make it more difficult for states to make eligibility determinations to cover people in emergency situations; force many people into medical bankruptcy; and raise uncompensated care costs for hospitals.
- Through the restructuring and major funding cuts, would jeopardize support to school children with disabilities who receive numerous supports and services as part of their education plans. In 2017, 68 percent of school superintendents reported using Medicaid funds for school nurses, counselors, speech therapists, and other health professionals.

Provisions Affecting Affordability, Comprehensiveness, and Public Health: Affordable health care coverage for people with chronic health conditions and people with disabilities includes out of pocket costs in addition to affordable premiums, deductibles, and cost-sharing. It is critical to have plans that cover a broad array of basic health care



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services so that the person can select a plan that meets their needs. The House-passed AHCA:

- In 2020, would replace premium tax credits with more limited tax credits. Tax credits would vary by age and start at \$2,000 per year for individuals up to age 29, and with a maximum of \$4,000 per individuals age 60 or older. The bill moves from subsidizing people based on their income to providing limited tax benefits which increase with age.
- Repeals cost-sharing subsidies that help people with incomes below 250 percent of poverty (\$29,780 for an individual, \$60,750 for a family of four). This current provision in law is critical to ensuring that people with low to moderate incomes can afford health care.
- Replaces the tax penalty for not purchasing insurance with a penalty on premiums for people who let their coverage lapse for more than two months. These individuals would be required to pay a 30 percent surcharge on their premiums for one year.
- Repeals the tax penalty on employers who do not provide health insurance and repeals the tax credits for low wage small employers.
- Repeals the tiering of the health plans and the requirement that each tier meet an actuarial value (AV). This is currently one way people can gauge the generosity of the plan's coverage, what percentage the individual will be expected to pay, and adds some consistency across health plans. These provisions, combined with the essential health benefit requirement, help ensure that people with health care needs are able to find plans that met their needs.
- States would be able to apply for waivers of the requirements to provide essential health benefits. In states that opt to receive waivers, it also means that the prohibition on lifetime and annual caps would be lifted. Essential benefits include rehabilitative and habilitative services and devices, prescription drugs, pediatric care, and mental health services which many people with disabilities require. Many people with chronic health conditions fear the return of caps on health care services.
- States would also be able to apply to waive the prohibition on using health status to determine premium cost for people who have had a gap in continuing coverage. States would be required to have a high risk pool or another similar program in place. Opening the door to the return of medical underwriting is harmful policy that previously made health insurance unaffordable for people with pre-existing conditions.



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- Allows for an increase in age rating, meaning that older individuals will pay more starting in 2018 unless the states adopt other rules.
- Repeals funding for Prevention and Public Health Fund. Providing funding to prevent diseases and promote public health is one way to improve health and help lower health care costs.