

# Protect Our Health Care:

Real Threats to Health Insurance, Medicaid  
and CHIP from Washington (& Austin)

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March 1, 2017

## About CPPP:



CPPP was born from faith and a vision of social justice in 1985 when a Congregation of Benedictine Sisters in Boerne, Texas, founded the center to improve health care access for the poor.



# What to Take Away

**ACA repeal without a high-quality replacement, and conversion of Medicaid to a Block Grant or Per Capita Cap could reverse Texas progress in reducing the uninsured.**

## **Specific Concerns:**

- ❖ **Human suffering and financial harm to uninsured, inadequately insured**
- ❖ **All recent/current Congressional Block Grant/Per Capita Cap proposals include DEEP federal Medicaid funding cuts.**
- ❖ **Cost shifts will be from Congress to Texas, and in turn from state to county government, local taxpayers**
- ❖ **Damage to Texas health providers, with a hard blow to hospitals in particular**

# ACA Repeal

HOW CURRENT PLANS FOR AN ACA REPEAL WILL AFFECT TEXANS

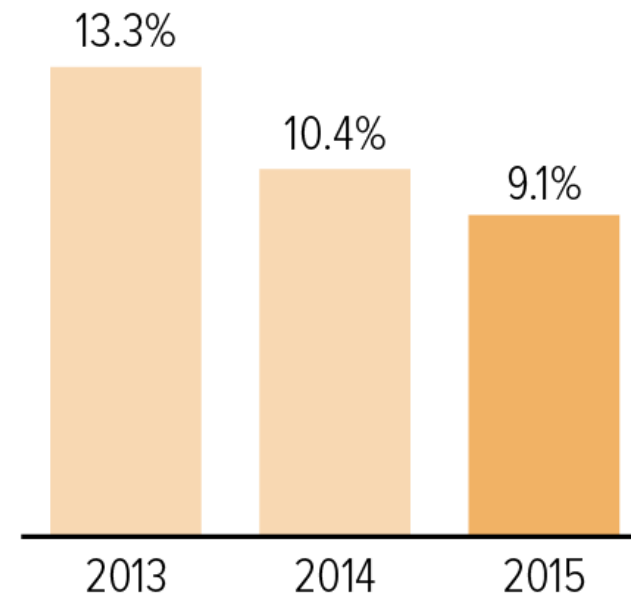
# Historic Reduction in U.S. Uninsured with Affordable Care Act (a.k.a. ObamaCare)

2014 and 2015: the two largest single-year declines in the uninsured rate on record.

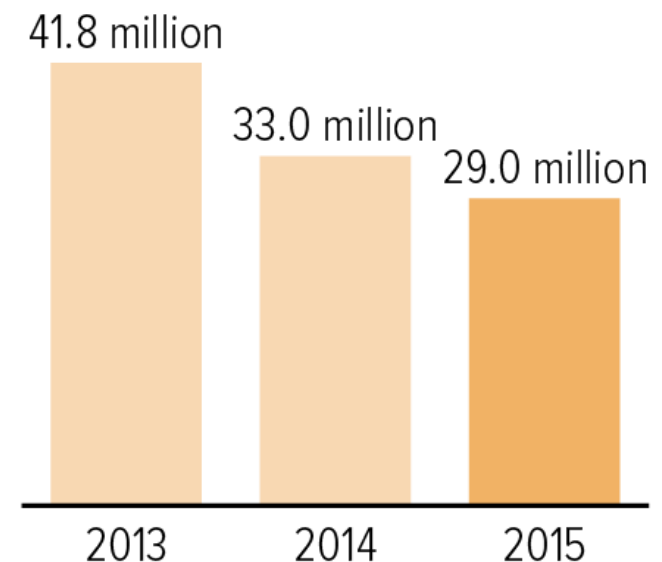
Substantial declines in the uninsured rate among all demographic groups.

Since 2010, 20 million fewer Americans are uninsured.

**Uninsured rate dropped sharply...**



**...as number of uninsured fell by 12.8 million**



Source: Census Bureau, Current Population Survey.

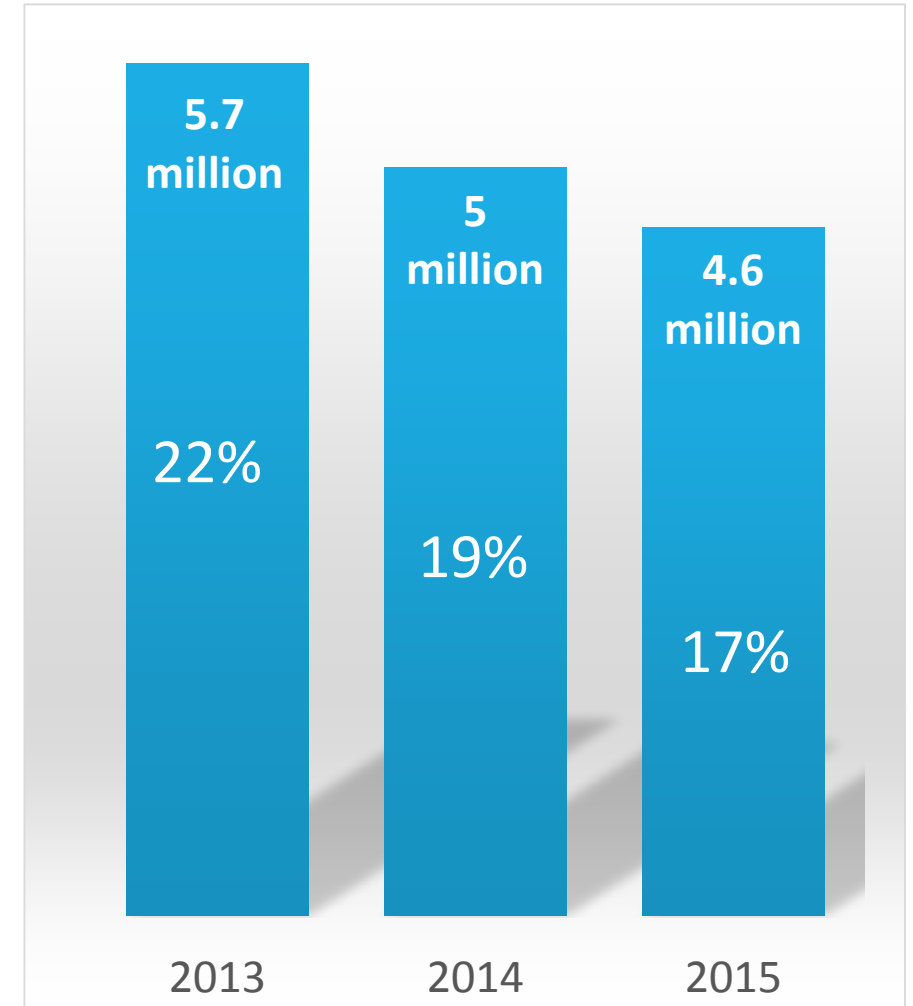
# ACA's Historic Reduction in Texas Uninsured

1.1 million fewer uninsured

5 percentage point drop in uninsured rate

Before ACA, Texas never had a one-year improvement of even a single percentage point

Texas Uninsured Population and Rate



Center for Public Policy Priorities. 2015. "[Census Data Reveal New Facts On Health Insurance.](#)" Austin, TX

# ACA Improves Access to Care and Financial Security

*Between 2013 and 2014 the share of non-elderly adults in U.S.:*

With a problem  
paying a medical bill,

**fell 23%**

Who didn't fill a  
prescription,

**fell 30%**

Who didn't have a  
regular source of care,

**fell 13%**

Who skipped a test  
or treatment,

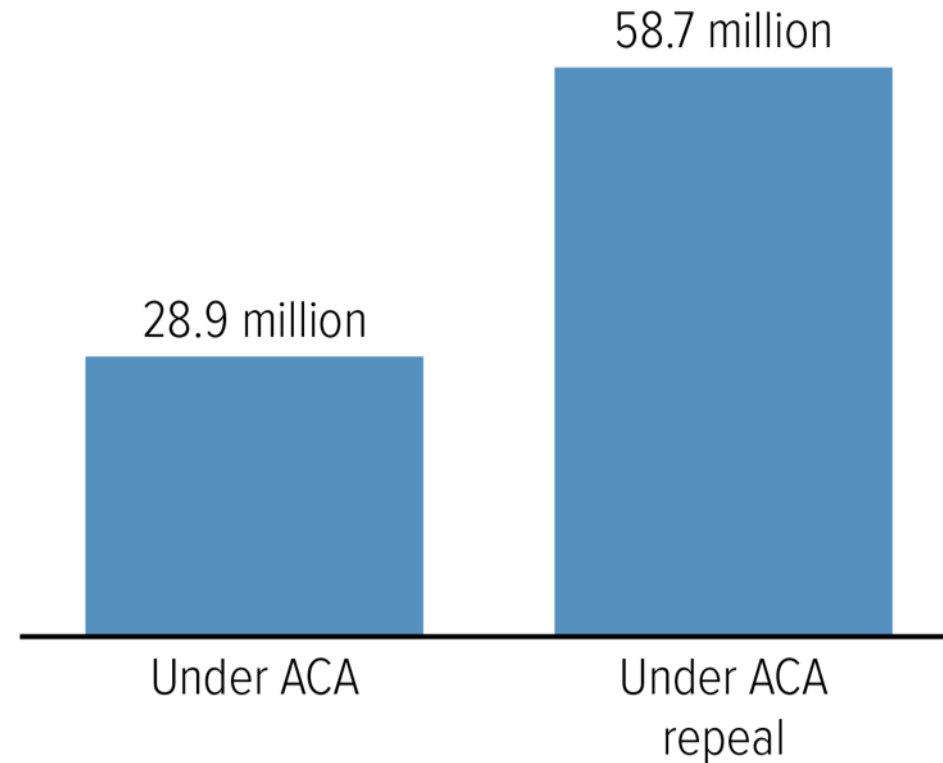
**fell 30%**

Who didn't visit a provider  
when they needed care,

**fell 21%**

# Repealing ACA With No Replacement Would Double the Number of U.S. Uninsured

Number of uninsured in 2019



Source: Urban Institute, "Implications of Partial Repeal of the ACA through Reconciliation"



# ACA Repeal: Uncertainty Abounds

Congress now understands full repeal without same-time replacement will be disaster that will be their responsibility

Congress processes are complex, timelines uncertain, and constantly changing

Repeal, Replace, Medicaid-CHIP changes will be done through multiple bills, not one single law

Congress has not agreed to an approach

Medicaid threats: Block Grant, Per Capita Cap, Deep Cuts - all are linked to ACA Repeal

Today's slides cover most recent U.S. House proposals.



# Latest US House Repeal/Replace Plan Won't Really Replace ACA Coverage

## House Republican Outline of 2/16:

- Combines ACA repeal/replace with radical restructuring of Medicaid-CHIP
- More on Medicaid later in the presentation
- Not actual bill yet-- more specifics when bill(s) are filed. Until then we don't know:
  - How much do they want to cut Medicaid?
  - How many insured under the ACA will lose coverage?
- Most recent policy outlines favors the healthy and wealthy

# Latest US House Repeal/Replace Plan Won't Really Replace ACA Coverage

## House Republican Outline of 2/16:

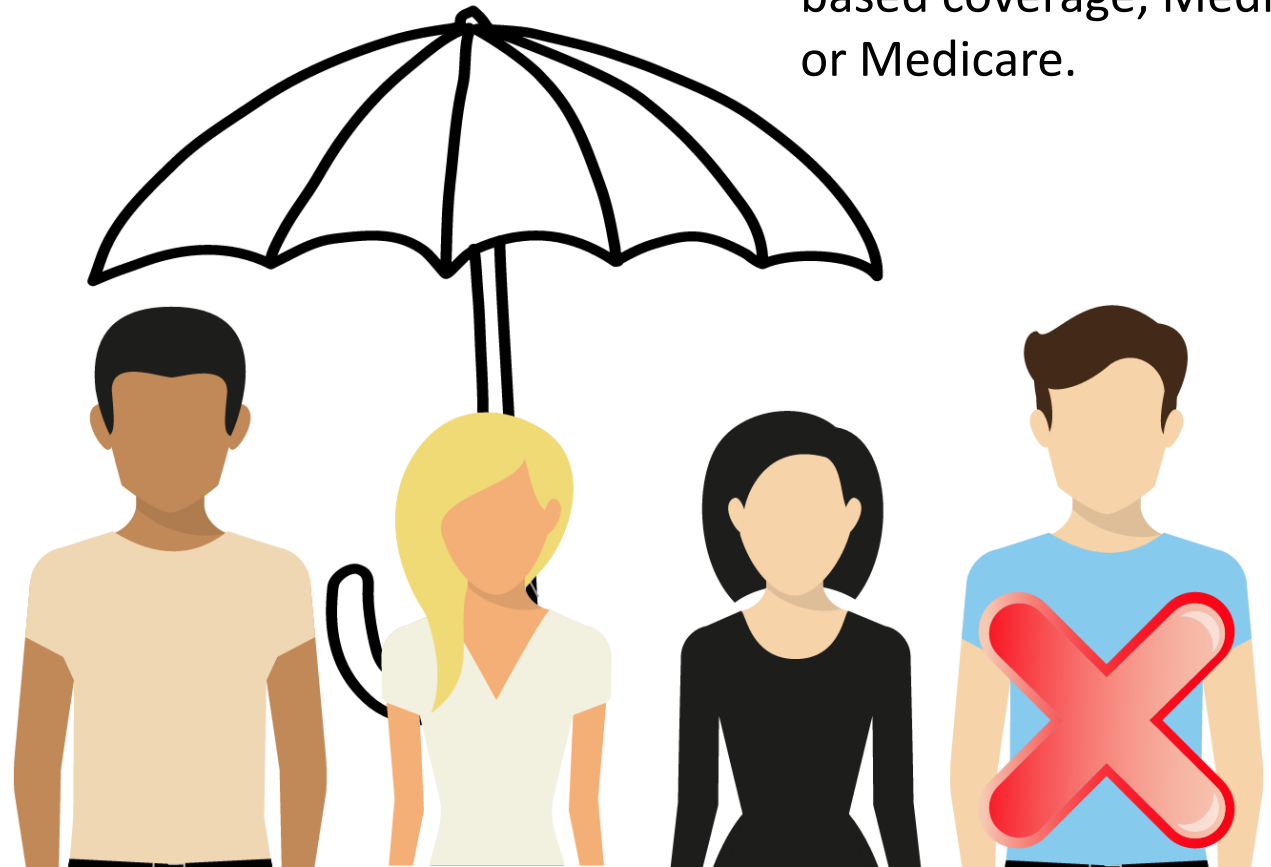
- NO system to make coverage affordable for **low-to-moderate income families**. (One-size-fits-all tax credit will not cover the costs of insurance for all);
  - Example: a family making \$100,000 a year gets the same tax credit as one living on \$30,000 a year;
- Increases earnings that can be sheltered in a Health Savings Account, but there is NO specified funding for the HSAs of the working poor.
  - HSAs are not coverage. They are savings accounts that have no value if there is no money in it!
  - HSAs must be tied to high-deductible health plans
  - Tax benefits HSAs provide are significantly larger for families in higher tax brackets
- Funding for “State Innovation Grants” to fund “high-risk pools” and other initiatives
  - Texas’ pre-ACA high risk pool covered too few and cost way too much
  - Funding may be too limited to accomplish goals

# 27% of Non-elderly Texans Have a Pre-existing Condition

But Latest ACA Repeal Proposals may:

- Allow higher prices for those with pre-ex conditions or gaps in coverage
- So you can't be denied, but you can't afford it either, and
- Re-establish expensive "high-risk pools"

Many are protected today because they have job-based coverage, Medicaid, or Medicare.



# AT RISK: ACA protections for all Texans with private insurance

- ✓ No copays for preventive care
- ✓ No annual or lifetime limits: won't "run out" of coverage if you get seriously ill
- ✓ Annual cap on out-of-pocket costs: protections from medical bankruptcy
- ~~✓ Young adults can stay on a parent's plan until age 26~~
- ✓ No waiting periods before insurance covers your pre-existing condition
- ✓ Right to appeal if insurer denies your care
- ✓ No skimpy plans that don't even cover hospitalization

# AT RISK: More ACA protections

Small employer health plans and individual market insurance stand to lose:

- ✓ A guarantee of decent coverage: essential health benefits and mental health parity
- ✓ Fair premium prices
- ✓ Review of rate increases

Medicare enrollees stand to lose:

- ✓ No copays for preventive care (3.6 million Texans)
- ✓ Medicare more financially secure: the ACA extended the solvency of the Medicare Hospital Insurance trust fund by 11 years
- ✓ Help with costs for prescription drugs: prescription drug “donut hole” closed

# AT RISK: ACA Medicaid innovations

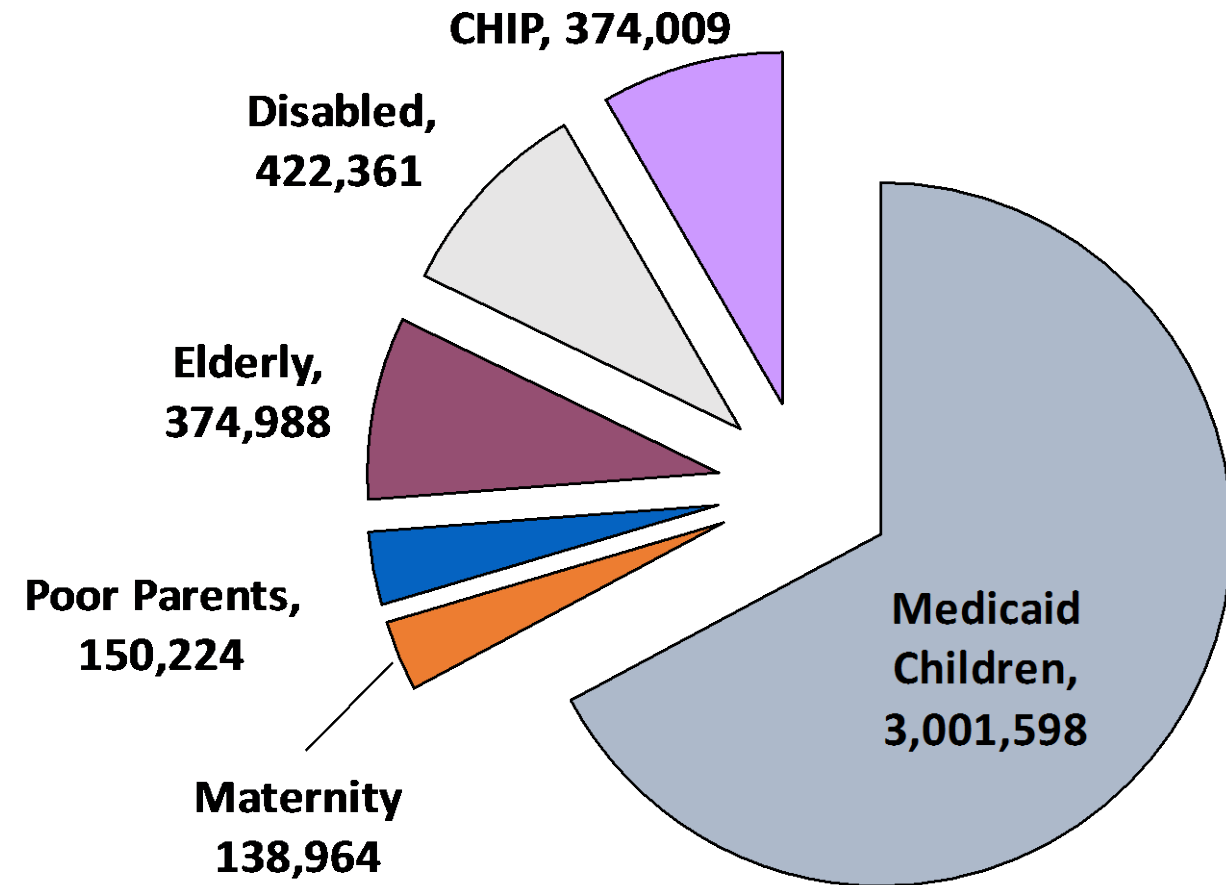
- ✓ Medicaid for Former Foster Youth to age 26;
- ✓ Services for Texans with disabilities, (“Community First Choice”) and enhanced match
- ✓ CHIP mega-enhanced match (92% federal)
- ✓ Revamped Medicaid eligibility to make application and renewal simpler for families

# Threat Assessment: Medicaid Block Grant and Per Capita Caps



# Texas Medicaid/CHIP: Mostly Children

*Plus Serious Disability, Poor Seniors, Pregnant Women*



September 2016, HHSC data

Source: Center for Public Policy Priorities, HHSC data.

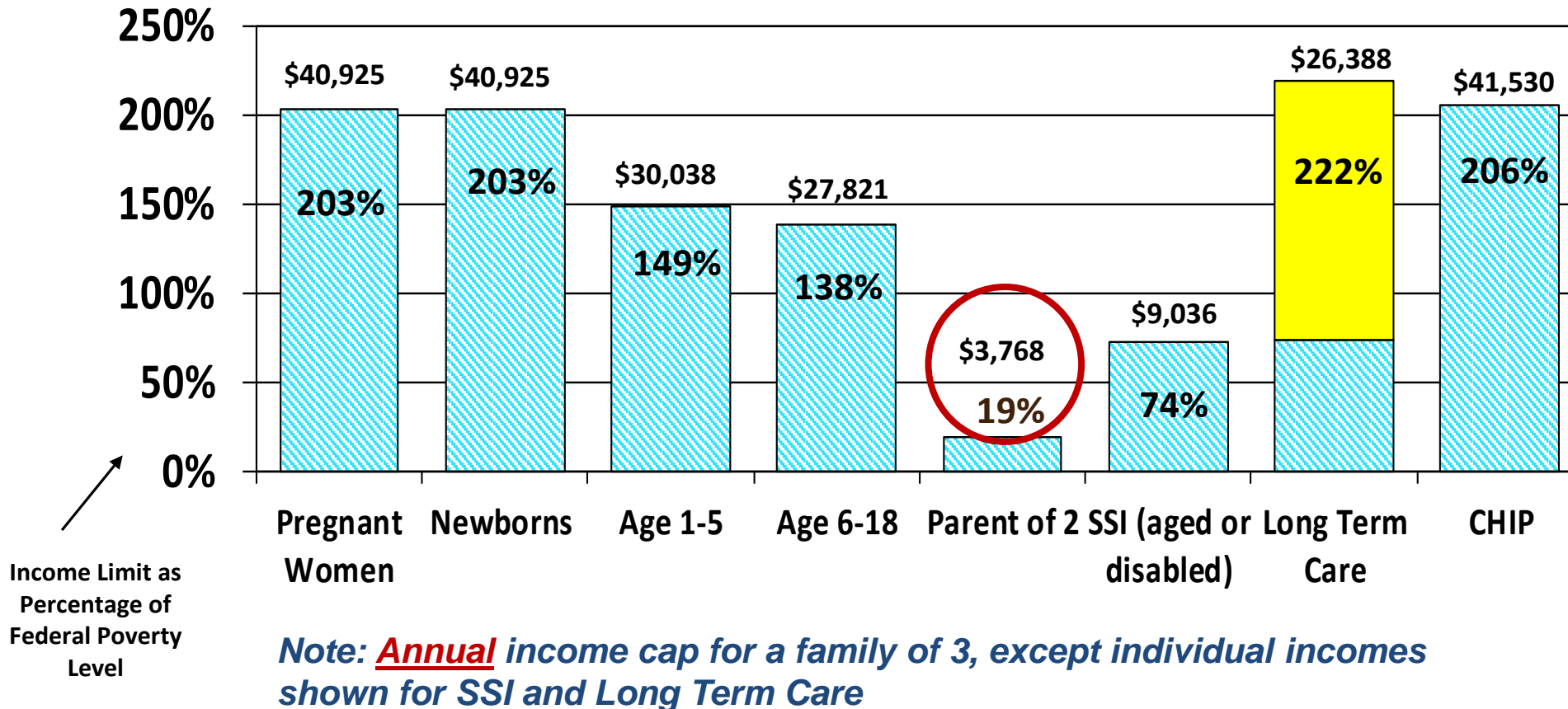
Total Enrolled:  
(as of September 2016)  
**4.5 million Texans**

*Of these,*

***3.4 million are children  
(~45% of Texas kids)***

# Why 3 million children, only 150,000 Parents?

Income Caps for Texas Medicaid and CHIP, 2016



ACA  
Repeal  
May  
Change  
These!

Source: Center for Public Policy Priorities.

# Changing Medicaid: Block Grant or Per Capita Funding

## Current Medicaid law

- States are entitled to federal match for all costs despite enrollment or price spikes
- Individuals are entitled to be covered under the state's official eligibility standards and benefits, without caps or wait list

### Congress is proposing to dramatically change this foundation

## Block Grant

- Disconnects level of funding from the number of Medicaid beneficiaries and the cost of providing care.
  - Federal contribution grows only according to a preset formula, no matter how large the population in need becomes, or
  - how much a state actually must spend on health care, long term care for Medicaid recipients.

## Per Capita Cap or Allocation

- Limits amount federal government will pay per person in Medicaid, but guarantees some funds for each person, probably in 4 groups: children, pregnant women and other adults, seniors, people with disabilities.
- May not allow states to add or expand new groups like parents, other adults, Texans on waiting lists for community care

Block Grant basics from Commonwealth Fund: <http://www.commonwealthfund.org/publications/issue-briefs/2016/nov/medicaid-block-grants>

# Block Grant v. Per Capita Cap, Per Beneficiary Allocation (same thing)

- Congress may be leaning towards Per Capita Cap over block grant
  - May be harder to fight against because some nature of entitlement remains – all who are eligible can enroll
- BUT the goal is still to CUT funding, reduce/eliminate federal guarantees



# Latest US House ACA Repeal Plan Also Cuts Medicaid

## House Republican Outline of 2/16:

### Radical Medicaid Changes: Block Grant or Per Capita Cap/Allotment

- States choosing Medicaid Block Grant could stop covering children, pregnant women, and some seniors and disabled adults [those who are above the SSI income limit (\$735 per month cap)].
- Texas could lose several billion dollars a year in current federal Medicaid funding, critical to run the program, and keep hospital doors open.
- No proposal to reach the remaining uninsured poor at all!
  - Example: No plan to cover parents of kids on Medicaid or other adults
  - Example: No plan to reach over 200,000 Texans waiting for Community-based long term services
- Watch for these Tricks:
  - “Per Capita Cap” or “Per Beneficiary Allocation” variations on Block Grant will be sold as perfect alternative. But, PCC does NOT eliminate potential huge Medicaid funding losses for Texas.
  - Lure states/Governors with 2-3 years of higher funding, after which cuts start and increase each year.

# Recent Congressional Medicaid block grant proposals are designed to reduce federal Medicaid spending

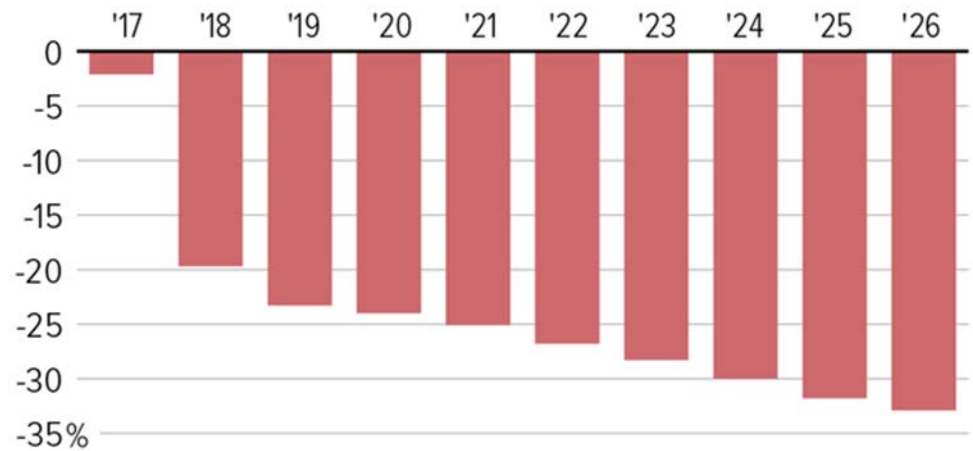
## How much will NEW Congress Proposals Cut?

**Ryan/Price's budget plan from last summer would have cut federal Medicaid funding by \$1 trillion—or nearly 25%—over 10 years, compared to current law**

- **The cut would be this big regardless of whether a state chose Block Grant or Per Capita Cap**
- Cuts of 20% by year #2 (increasing to 25%) will cut deeply into Texas enrollees' needs.
- (This is not including funding cuts from repealing the ACA's Medicaid expansion, which increases the cut to 41% below the baseline projection)

### Medicaid Cuts Would Grow Over Time Under House Budget Committee Block Grant

Percent cut in federal Medicaid funds, relative to current law

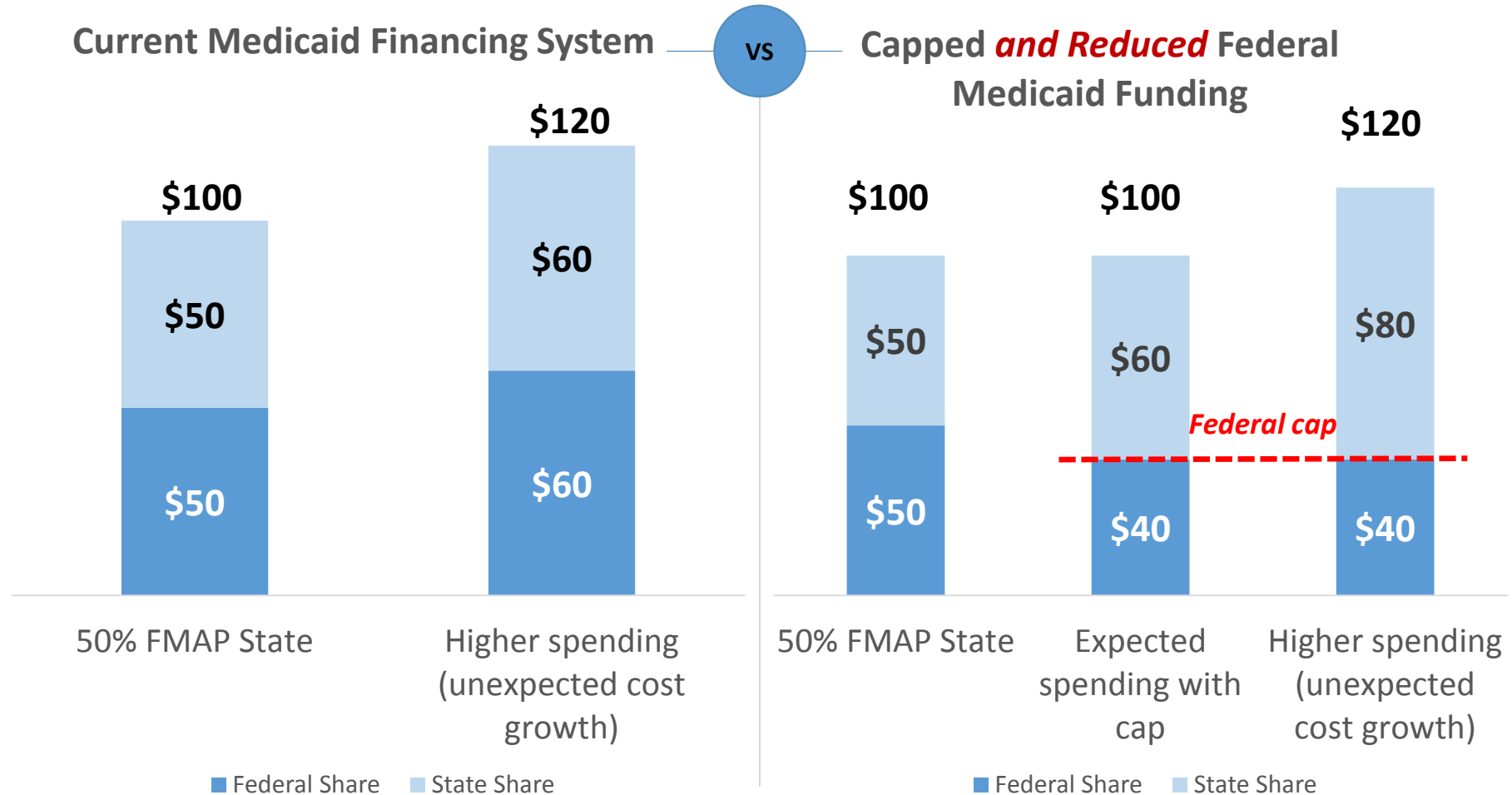


Source: CBPP analysis using Jan. 2016 Congressional Budget Office Medicaid baseline and House Budget Committee documents.

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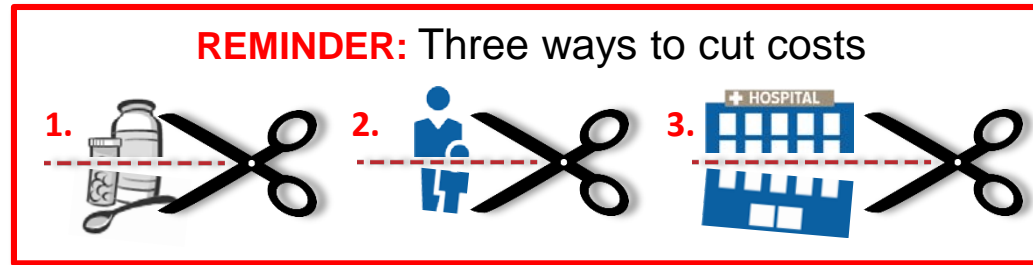
**House Republican budget plan, FY 2017**

# Medicaid Block Grants and Per Capita Caps: Shift Costs to States in 2 Ways



# Cuts Will Fall Primarily on Beneficiaries

*Magnitude of Federal Medicaid Cuts is Large and Medicaid is Already Very Efficient*



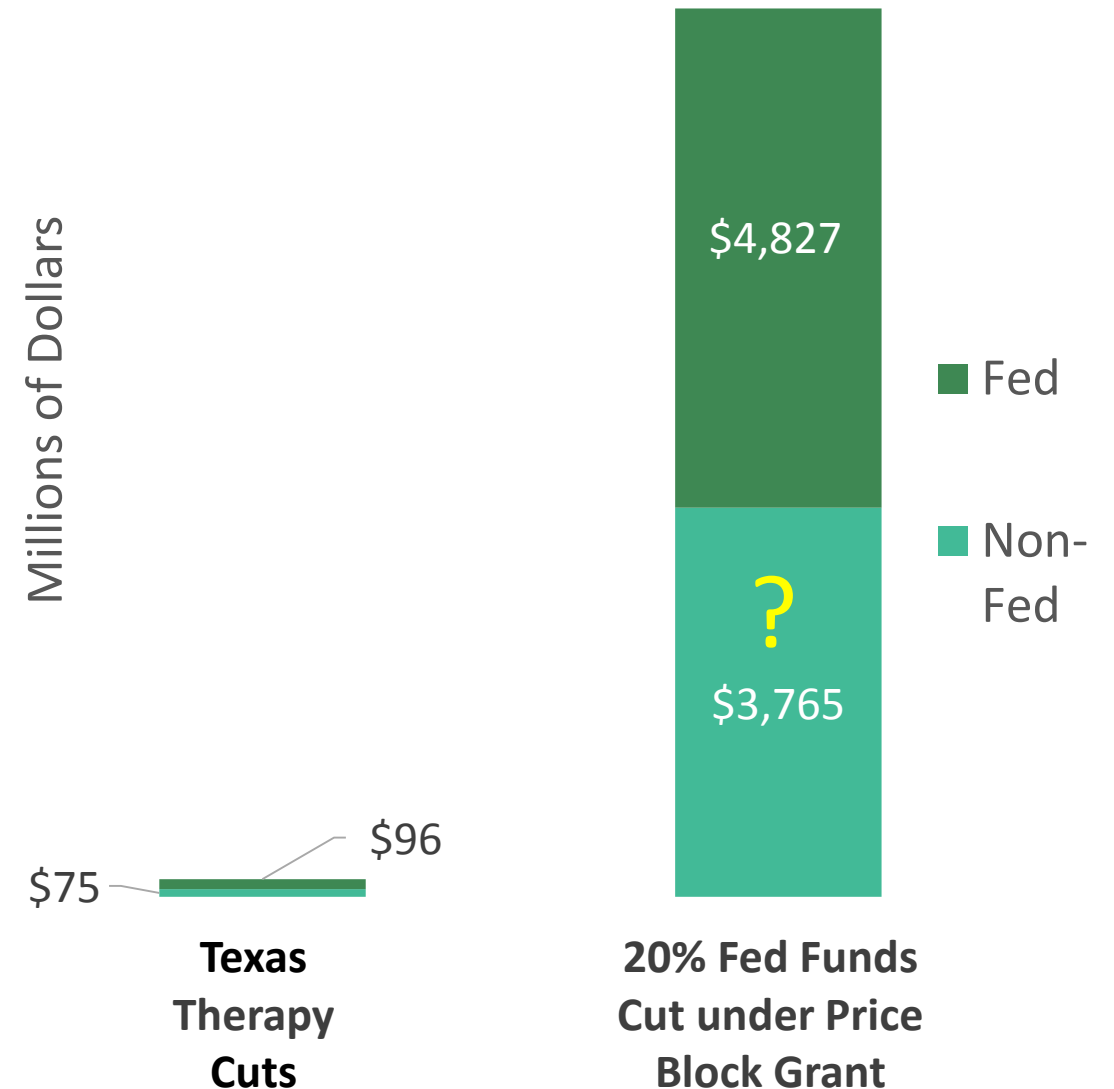
- Payments to providers are already very low in Medicaid
- That leaves cuts to beneficiaries:
  - **Either cut benefits or limit enrollment**



# Damaging Texas Medicaid Therapy Cuts Dwarfed by Congress' Proposed Medicaid Block Grant Cut

- Legislature's Medicaid Therapy rate cuts passed 2015 were **\$171 million All Funds** (\$75 million GR) per year, just 0.4% (less than one-half of one percent) of total All Funds Texas Medicaid funding for 2016.
- Compare: a 20% loss of federal Medicaid funding (by second year of BG) would be over **\$4.8 BILLION**. Imagine the cuts the Texas Legislature will have to decide on, the harm done, and the public outcry.
- Soon, we will know whether Congress will try again to make massive Medicaid cuts, that shift costs to the state and local level.

## Texas Medicaid Therapy Cuts Compared to Medicaid Block Grant Cut



# What Changes for Texans Under a Medicaid Block Grant?

## **BENEFITS:**

- Today kids can't be denied medically necessary care by Medicaid (no arbitrary limits, either).
- Adults are less protected under current law, but even these minimum benefits likely eliminated under BG.

## **AFFORDABILITY:**

- Kids are exempt from co-payments, premiums, denial of care for non-payment in Medicaid TODAY.
- Adults today have upper limits on cost-sharing, plus no denial of care for non-payment in Medicaid below poverty (use of premiums, denial of care ONLY allowed in 1115 waivers). These limits likely eliminated under BG.

## **WHO IS COVERED:**

- Current federal Medicaid law requires all kids to 138% FPL to get Medicaid (kids 138-206% FPL can get CHIP). Seniors and individuals with disabilities 75% FPL and lower incomes and pregnant women to 203% FPL covered.
- Eliminating entitlement for state and individuals likely; states can decide who to cover, have waiting lists.
- NO ability to improve coverage of Texans with disabilities on current wait lists for Long Term Services and Supports under Medicaid "waivers"

# What Changes for Texans Under a Medicaid Block Grant?

## RED TAPE:

- Current federal Medicaid law prevents states from cutting back on kid's coverage (income thresholds) or otherwise creating eligibility barriers.
- TODAY Medicaid Managed Care plans are subject to many consumer protections: network adequacy, due process, and more.

## PROVIDER CHOICE AND PAYMENT:

- Freedom of Choice of Family Planning providers, Cost-based pay for Community Health Centers (FQHCs)

***With no federal “floor” in place, these and many other Medicaid standards may be eliminated.***

# Risks with Medicaid Block Grant/Per Capita Cap proposals

## Does the Block Grant or Per Capita Cap grow to meet these Texas Needs?

- **Population Growth;**
- **Increases in poverty/unemployment/economic downturns (i.e., need allowance ABOVE population growth);**
- **Epidemics/public health crises; (Zika, etc.)**
- **Natural Disasters (Katrina, Rita, etc.)**
- **Medical advances (example: Hep C)**

# More Risks of Medicaid Block Grant or Per Capita Cap

How much is Congress cutting from Medicaid? Will it reduce funds below today's levels?

Will Block Grant or Per Capita Cap or Allotment "Lock In" inadequate Funds?

- Current Texas Medicaid low Doctor and medical professional rates,
- Limits on benefits (no dental for adults, Hep C medication, Autism therapy)
- No coverage for most adults
- Over 200,000 waiting for community-based LTSS

Will Texas lose (hospital supplemental) DSH and 1115 federal funds, or \$1 billion in administration funds?

Will Texas get to build Medicaid expansion funds (~\$6 to \$8 billion a year in federal funds) into our base?

Will Congress "keep up" with inflation and population? Periodic reauthorization (CHIP needed 8 fixes)

Will TEXAS have to keep up stte-dollar funding levels?

In Per Capita Cap, how much can the per-person cost grow every year?

# State Budget and Medicaid

- Texas House and Senate are at odds, with the Senate proposing deeper budget cuts and rejecting use of the Economic Stabilization (“Rainy Day”) Fund.

## **TEXAS Senate’s Budget Proposes Deep Under-funding of Texas Medicaid**

- Senate budget shorts Medicaid by at least \$1.9 billion state dollars, which will more than double with loss of related federal matching dollars.
- Senate budget ALSO calls for a 1.5% across-the-board additional cut to the entire state budget, (only K-12 formula funding exempt). This would require another \$1.058 billion additional state dollars to be cut from the budget.
- Under-funding Medicaid by \$1.9 billion GR (or more) would be the largest Medicaid cut in over 25 years (much larger than the disastrous 2003 cuts).

## **Texas House Budget Proposal Starts Medicaid on Better Foundation...**

- But Appropriations Committee is debating cutting Medicaid and HHS funding significantly below levels in their first draft.
- Remember that cutting “just” \$150 million state dollars in 2016-2017 biennium for kids’ Medicaid therapy rates has created serious hardships for children, families, and community-based providers of early childhood services.
- The Rainy Day Fund was created precisely to avoid cuts like these, and should be used this session to avoid drastic cuts to health care that Texans need.
  - The Legislature could use \$4.4 billion from the fund and still leave a healthy \$7.5 billion balance.

# What to Do: Block Grant/Per Capita Cap/ACA Repeal

Watch for Cover Texas Now emails (and others) for DETAILS on US House Medicaid, ACA Repeal/Replace proposals.

Top priority:

Educate Texas Legislators, Mayors, County Judges on the expected impact of ACA repeal/replace, as well as Medicaid Block Grants or Per Capita Caps--past the talking points. Call on Texas lawmakers and staff to engage with our Congressional delegation to protect interests of Texans.

Others:

1. Call, meet with, email Texas US Senators and your Congressperson
2. Rally! At home or in Austin....
3. Come to [Protect Our Care Advocacy Day](#) in Austin 3/6/2017
4. Get on [Cover Texas Now](#) emails and web site to keep up with the latest



# What to Do: Texas Legislature Bills and Budget

- ❖ Call, meet with, email your Texas STATE Representatives and Senators
- ❖ Tell them state budget Medicaid cuts are not acceptable or needed
- ❖ Tell them you support using the Rainy Day Fund to avoid cuts
- ❖ Also support your personal top interests: Reversing Medicaid Therapy Rate Cuts, Mental health services, Children's eligibility improvements, etc.....



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# Sources

Congressional Budget Office and the staff of the Joint Committee on Taxation, *How Repealing Portions of the Affordable Care Act Would Affect Health Insurance Coverage and Premiums*, January 2017, <https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/reports/52371-coverageandpremiums.pdf>.

Urban Institute, *Implications of Partial Repeal of the ACA through Reconciliation*, December 2016, <http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliation>.