

March Madness:

Repealing and Displacing Obamacare



Presented by **Lucy Quacinella,**
Multiforum Advocacy Solutions,

for MCH Access

Lucy@Quacinella.com

"American Health Care Act" (H.R. 277)-- AHCA

- 3/6/17 Republican bill to repeal and replace Obamacare
- What would change if it passes?
- Impacts on low-income people
- Pregnancy coverage and other reproductive health services
- Timing and process in Congress



Nutshell: What's the proposal?

- **Individual market**

Lower subsidies for many low-income people
Higher subsidies for many with higher income

- **Medicaid (Medi-Cal)**

Massive cuts

- **Big tax breaks for the wealthy**

What's NOT proposed for change in the AHCA?

- **Pre-existing conditions**

Insurers cannot deny coverage.

- **Dependent children**

Can stay on parents' insurance until 26.

- **Limits on benefits**

No annual or lifetime caps on how much insurers pay for your benefits.



Proposed changes: tax credits in the individual market

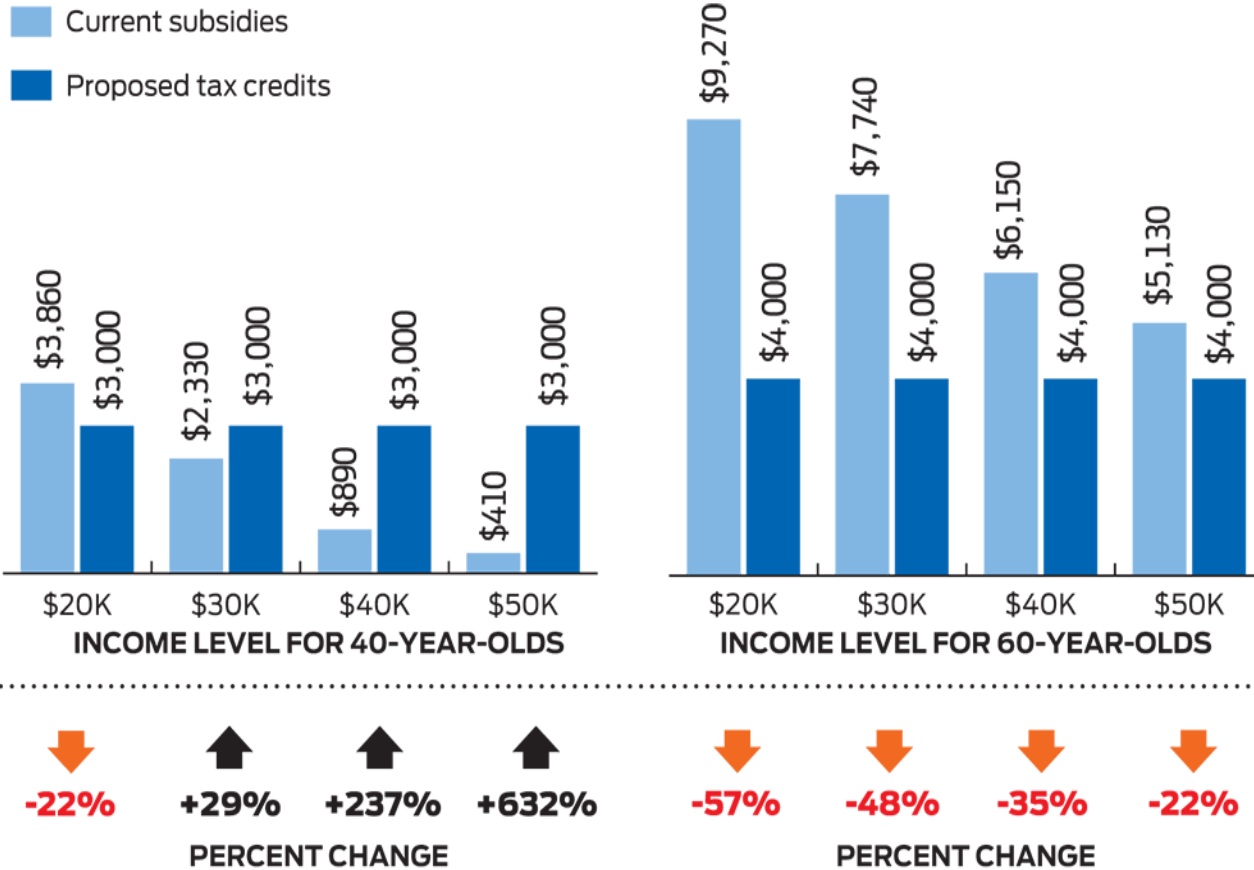
Obamacare

- Subsidies based on income
- The lower the income, the higher the subsidy
- Insurers can charge seniors only up to 3 times as much for premiums as younger people

AHCA proposal

- Subsidies based on age
- \$2,000 to \$4,000: that's much less for many low-income people
- Can charge seniors up to 5 times more: so low-income seniors hurt. In CA, 365,000 seniors worse off.

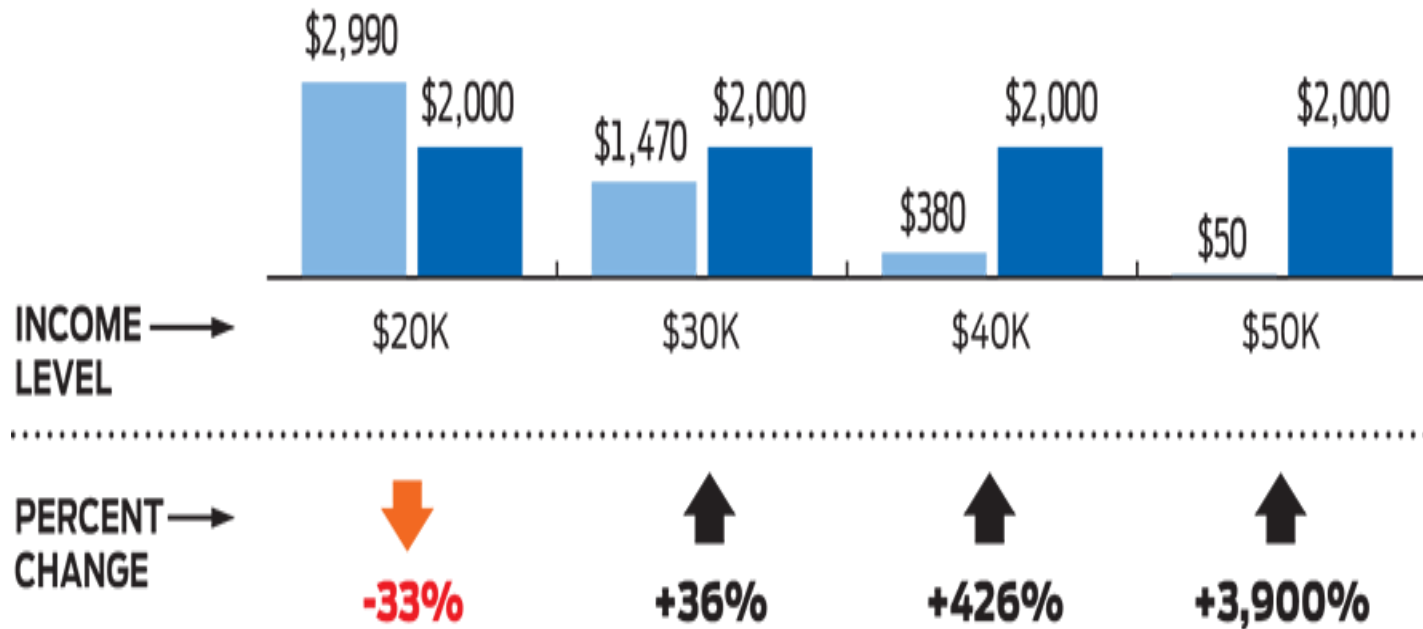
Low-income seniors lose



San Francisco Chronicle, March 14, 2017

Many young people gain

■ Current subsidies for 27-year-olds ■ Proposed tax credits for 27-year-olds



San Francisco Chronicle, March 14, 2017

“Cost-Sharing Reductions” Eliminated

- CSRs decrease the cost of copays, deductibles and coinsurance for people with income at or below 250% of poverty buying insurance on the exchange (Covered CA)
- The AHCA would eliminate this subsidy.
- 800,000 Californians would lose CSRs.

Mandates and Penalties



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Obamacare

- **Individual mandate:**
If you don't have insurance, you pay a tax penalty (some exceptions)
- **Employers** of a certain size required to provide insurance (most already did, so little impact)

AHCA

- **No individual mandate:**
But if you go without insurance for 63 days, you can be charged 30% more for insurance for a year
- **No employer mandate:**
So employers may drop coverage, especially now that higher earners can get the tax credit subsidies.

Proposed Medicaid Cuts



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The “Adult Expansion”

Obamacare

- Historic: Medicaid for 19-65 with no kids, not disabled, income to 138%. Feds paid 100% of the cost until 2016. 90% by 2020.
- Participating states must cover all “essential health benefits” (EHBs)
- Medi-Cal covers 3.7 million expansion adults

AHCA

- Starting 2020, states to get only regular federal match (50% for CA), for most of this population
- Can reduce EHBs
- CBO estimates nearly all expansion adults will lose Medicaid

Defunding the rest of Medicaid

- Since 1965, federal funding for Medicaid has been based on the actual cost of providing services for every eligible person who enrolls.
- The AHCA would instead limit the federal contribution with a new “per capita cap” formula that shrinks the federal contribution over time.
- If adopted, **\$880 billion would be cut** from Medicaid from 2017 to 2026 alone.
- Catastrophic. . .

Other Medicaid changes

- Would repeal 3-mo. retroactive Medicaid
- No more benefits pending immigration status verification
- No more Hospital PE Program
- Kids 6 to 18 with income over poverty could be shifted over to CHIP (the old Healthy Families Program in CA) with higher costs to families and fewer benefits
- Plus others not listed here

\$600 billion in tax breaks for the rich

- The AHCA would lower two taxes on earnings from \$200,000 to \$999,999
- Lets those who can afford it put twice as much as now into a tax-free “health savings account”
- Postpones tax on generous employer-sponsored health plans, so less likely high earners’ employers would cut benefits

Combined changes to individual market and Medicaid

- Reduced subsidies to many low-income people, especially seniors
- \$880 billion in Medicaid cuts
- 14 million lose Medicaid or private coverage in 2018 alone
- 24 million in ten years
- \$600 billion in tax breaks for the rich
- AHCA's supporters plan to cut private market benefits in next phase



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Maternity Coverage and Access in CA

- Lose coverage for pre- and inter-conception care if CA has to cut Medi-Cal's adult expansion (138%)
- Lose access to services through Pregnancy-Related Medi-Cal (213%) under new federal funding formula if rates or benefits cut
- Medi-Cal Access Program cuts (322%)?
- Some may no longer be able to afford coverage through Covered CA or the individual market, including during pregnancy
- Will new CMS chief Verma succeed in allowing insurers to drop maternity coverage?

Other Reproductive Health Services under the AHCA

- **No federal funding to Planned Parenthood for one year.** So less access to contraception, cancer screenings, treatment for STIs, and other preventive and primary care.
- **Can't use tax credits for health plans that cover abortion.** Big change from Obamacare, which permits health plans on the exchange to cover elective abortion if collect a separate premium.



Questions?

THANK YOU!

 *Multiforum Advocacy Solutions*

Lucy Quacinella, Principal
Attorney at Law

275 Fifth Street, Suite 414
San Francisco, CA 94103-4120

Tel. (415) 348-6336

Mobile (415) 407-5386

FAX (415) 541-8588

Lucy@Quacinella.com

lucyqmas@gmail.com

Multiforum Advocacy Solutions