

OUR HEALTH CARE AT RISK

Medicare, Medicaid, and the Affordable Care Act

The election of Donald Trump, along with Republican control of both houses of Congress, threatens health coverage for millions of Americans and the progress we've made in the last half-century with the enactment of Medicaid, Medicare, and the Affordable Care Act (ACA).

Dramatic rollbacks in health care and coverage are at the top of the agenda of both President-elect Trump and Speaker Paul Ryan, who has re-committed to his longstanding plan to cut Medicaid and Medicare. Many of those changes, as well as repeal of many (but not all) elements of the Affordable Care Act, could be passed through budget reconciliation, which only requires 51 votes in the Senate, a majority vote of the House, and the President's signature.

Medicaid Safety-Net Coverage

- **Medicaid (called Medi-Cal in California) provides coverage to nearly 14 million Californians**, over a third of the state, including a majority of our children, 2/3 of nursing home residents, and many other families and individuals living in poverty. Medi-Cal is a lifeline for those who otherwise don't have access to health care and provides a safety-net for any one of us who may suddenly lose a job or income.
- Speaker Ryan's "Better Way" proposal would **undo Medicaid's matching guarantee** to California, and cap the money going to states. States would be forced to choose between taking Medicaid funds either as a block grant or a per-capita cap, neither of which provide sufficient funding to cover California's ongoing needs.
- The GOP Congress also seeks (passing last year in a 51-vote Senate reconciliation bill) to **repeal the Medicaid expansion under the ACA, which provides \$16 billion to California** in the 2016-17 budget year.
- Repeal of the Medicaid expansion alone would eliminate coverage to over 3.5 million Californians.
- National estimates forecast the Ryan proposal will cut **Medicaid funding by a third to half in ten years, endangering coverage for millions more Californians**, as well as forcing further funding reductions for hospitals and other health providers.
- Medicaid cuts of this magnitude would endanger the safety net of hospitals and the health providers we all rely on.

Financial Assistance to Buy Private Coverage in Covered California

- **Over 90% of the 1.3 million Californians who buy coverage through Covered California get financial assistance** (tax credits) so the health premium is not more than a percentage of their income (on a sliding scale up to 9.5%). Some Covered California enrollees also get subsidies to reduce deductibles and other cost-sharing.
- The nearly \$5 billion in financial assistance and subsidies to California families is targeted for repeal—the 51-vote GOP reconciliation bill last year phased them out after two years.
- The loss of tax credits will directly increase the cost of health coverage – by hundreds or thousands of dollars – for a million Californians. The resulting loss of coverage would leave a smaller and sicker risk pool in the individual insurance market, spiking the price of health premiums market-wide.
- One proposed replacement, funding for Health Savings Accounts, would be inadequate to make private coverage affordable, especially for low- and moderate-income Americans. Another proposed replacement, refundable tax credits, would mean consumers pay premiums first and then get tax refunds later, requiring consumers to front thousands of dollars in premiums and copays they cannot afford.

Patient Protections Including No Denials & Rate Hikes for Pre-Existing Conditions

- The Affordable Care Act put in place key consumer protections against insurance company abuses that benefit all patients, most notably by prohibiting health plans from denying (or charging more to) patients with pre-existing conditions. This also includes requirements that insurers cover essential benefits, eliminate annual or lifetime caps, limit out-of-pocket costs, meet actuarial value requirements, not charge women differently than men, and limit differential premiums based on age.
- The GOP Congress has sought to repeal these protections in various 60-vote repeal bills. While these patient protections cannot be repealed under 51-vote budget reconciliation, President-elect Trump could hinder these protections through administrative actions, grant waivers voiding some guidelines, simply not implement or enforce some rules, or allow legal challenges to stand.
- In addition, President-elect Trump has highlighted his proposal to **pre-empt state patient protections** by allowing out-of-state insurers to sell across state lines and avoid California's strong consumer protections. They include coverage of medically necessary care, standards on timely access to care, network adequacy, language access, and the right to appeal denials of care.

The Guarantee of Medicare

- Medicare covers 4 million California seniors and people with disabilities.
- Full repeal of the Affordable Care Act would **roll back the improvements in prescription drug coverage** (which closed the so-called "donut hole") and undo some cost-saving measures that have increased the sustainability of Medicare.
- Speaker Paul Ryan has long advocated to **privatize Medicare into a "premium support" voucher program**, where Medicare beneficiaries would be given a set amount of money to help purchase (but not necessarily fully pay for) private plans. President-elect Trump has made similar references to "modernizing Medicare."

California Congressional Representatives must be clear-eyed about the real life-and-death impact of any proposal they vote on—including these changes to Medicaid, Medicare, and the Affordable Care Act that would leave millions more Californians uninsured, living sicker, dying younger, and being one emergency away from financial ruin. Members of Congress must be accountable for the health and financial consequences to California families and communities.