

# CHA EXECUTIVE BRIEFING

Advocacy Update on  
Graham-Cassidy Amendment  
September 27, 2017

From the California Hospital Association  
C. Duane Dauner, President/CEO  
Anne O'Rourke, Senior Vice President, Federal Relations  
Anne McLeod, Senior Vice President, Health Policy & Innovation



Welcome and Overview

Liz Mekjavich  
California Hospital Association



Keep current by visiting:

[www.calhospital.org/aca-repeal-replace-delay-resources](http://www.calhospital.org/aca-repeal-replace-delay-resources)



## Presenters



**C. Duane Dauner** was appointed president/CEO in 1985 of CHA, the statewide leader representing the interests of nearly 400 hospitals and health systems in California. He has been active in national hospital and health care issues, serving on numerous American Hospital Association and American College of Healthcare Executives boards and committees. Duane has authored numerous articles and a book, and is a nationally known leader on health issues.

4



## Presenters



**Anne O'Rourke** is the senior vice president for federal relations for CHA. Based in Washington, D.C., Anne manages CHA's Federal Relations office and represents the CHA membership before Congress and the White House. Before joining CHA, Anne spent 10 years as a senior lobbyist for the American Hospital Association.

5



## Presenters



**Anne McLeod** is senior vice president for health policy and innovation. Anne provides leadership for developing policy objectives that support the future growth and success of hospitals as they respond to the challenges they face going forward. Before joining CHA in 2007, Anne served as a financial executive for nearly 25 years at several of California's hospitals and health systems, and in the banking industry.

6



## Presenters



**Rick Pollack** is president and CEO of the American Hospital Association (AHA), the nation's largest hospital and health care system membership organization with nearly 5,000 member hospitals and health care systems. Rick came to the AHA in 1982 and assumed the top leadership position in 2015.

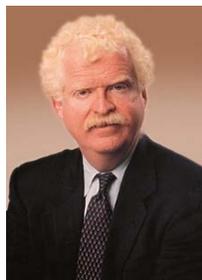
Rick leads the association in representing hospitals and health systems in shaping the health care landscape, representing the nation's hospitals on advocacy issues, and developing strategies and tools to help members provide better care to the patients and communities they serve.

AHA is often cited as one of the most influential and effective advocacy organizations in Washington.

7



## Presenters



**Tom Nickels** is executive vice president for government relations and public policy for the American Hospital Association (AHA). As such, he supervises AHA's legislative, political, regulatory, grassroots and legal advocacy efforts. He has been with the AHA since April 1994. Previously, he served as director of the Washington office of the American College of Emergency Physicians for five years, and was the acting director of the Washington office of the American Nurses Association.

8



## Program Overview

- Update on ACA repeal effort
  - Massive changes to Medicaid and insurance markets
- CHA activity
- Member hospital advocacy vital
- Must target CA Republicans

9



## Timeline Review

May 4	AHCA passes the House, 217-213 CA Delegation: strictly along party lines
June 22	Senate GOP releases discussion draft – Better Care Reconciliation Act of 2017 (BCRA)
June 26	CBO releases BCRA score – 22 million uninsured
June 30	Senate adjourns for July 4 <sup>th</sup> Recess without a vote on BCRA
July 25	Senate votes down “Skinny Repeal” Sens. Murkowski (R-AK), Collins (R-ME) and McCain (R-AZ)
August	Bipartisan discussions re: Market Stabilization
September 13	Graham-Cassidy-Heller-Johnson introduced
September 25	Graham-Cassidy-Heller-Johnson 2.0

10



## Graham-Cassidy-Heller-Johnson



- Senator Lindsay Graham (R-SC)
- Senator Bill Cassidy (R-LA) – physician
- Senator Dean Heller (R-NV)
- Senator Ron Johnson (R-WI)

11



## This Week

- Congress is trying to pass the package under budget reconciliation – simple majority vote in the Senate and expedited procedure
  - Senate Parliamentarian has ruled the current reconciliation instructions expire September 30<sup>th</sup>
- Senators have called for “regular order”
  - Senate Finance Hearing on Monday
  - Senate Homeland Hearing on Tuesday
- CBO released *preliminary* score Sept. 25
- Senate action by Thursday
- House action – expected very quickly

12



## Key Players in the Senate

- Susan Collins (R-ME)
- Lisa Murkowski (R-AK)
- John McCain (R-AZ)
- Rand Paul (R-KY)
- Conservatives
  - GCHJ doesn't repeal tax provisions (except medical device tax)
  - Not real repeal
- Moderates – Rob Portman (R-OH), Shelley Moore Capito (R-WV)
- Lamar Alexander (R-TN) – has been working on bipartisan stabilization

13



## California Delegation

### California Perspective

- Senators Feinstein and Harris are solidly with us
- U.S. House Delegation

14



## Key Provisions of Graham-Cassidy

- Sweeping changes far beyond previous “repeal and replace” efforts
- Massive shift in state responsibility/risk
- *Market-Based Health Care Grant Program* – Replaces premium tax credits, cost-sharing reduction payments, and enhanced funding for the Medicaid expansion by 2020 with block grants to the states –
  - Block Grant replaces marketplace subsidies and funds for MediCal expansion population
  - Puts states at risk because national allotments are not adjusted for growth in the number of people needing assistance, higher medical costs, natural disasters or public health
  - Initially, funds are distributed based on historic spending patterns but then shifts to equalize payments per *low-income person* (45-133% of FPL)

15



## Key Provisions of Graham-Cassidy

- Established a permanent per capita cap for “traditional” Medi-Cal
- Eliminates marketplace subsidies and require states to prevent destabilization of the individual market
- Lowers the bar for waivers of federal rules governing coverage (EHC, pre-existing condition)
  - Undermines financial security of individuals with pre-existing conditions and coverage for behavioral health

16



## Key Provisions of Graham-Cassidy

- Repeals the individual and employer mandates
- No cost sharing reduction payments beginning in 2018
- Hospital cuts stay in effect
- Caps provider tax (phase down to 4% cap in 2025)
- Retroactive eligibility only for 65+, blind or disabled
- Requires eligibility redeterminations every six months

17



## Graham-Cassidy 2.0

- New funding streams for AK, AZ, KY and ME
- More state flexibility for states regarding insurance regulations
  - Allows multiple risk pools
  - Allow states to change the cap on out-of-pocket costs
  - Allows states to decide how much insurers can charge people with pre-existing conditions
  - Allows states to make changes to benefits and cost sharing

18



## Key Hospital Concerns with Graham-Cassidy

- Overhauls Medicaid with an insufficient growth rate
  - CBO has previously determined that actual Medicaid cost growth outpaces CPI-M
- Undermines key consumer protections that have promoted access to care and provided financial security
- Insufficiently funds the block grant
  - Only provides a *portion* of the current funding for Medicaid expansion, premium tax credits and cost-sharing reduction
- Redistributes funding
  - Especially harmful to expansion states
  - CA hit hardest
- Huge cliff after 2026 — block grant funding to the states is only provided for seven years

19

