



Key Messages on the Senate ACA Repeal & Replace Bill

June 27, 2017

On June 22, Senate Republican leaders introduced the Better Care Reconciliation Act (BCRA), draft legislation to partially repeal and replace the Affordable Care Act. California Sens. Dianne Feinstein and Kamala Harris have articulated their strong opposition to the BCRA, which would result in significant loss of coverage for Americans across the country.

Deep cuts to the Medicaid program will threaten coverage for the most vulnerable.

- Millions of Californians, and as many as 22 million people nationwide, could lose their health care coverage because of hundreds of billions of dollars in cuts to Medicaid coupled with phasing out Medicaid expansion.
- The vast majority of people on Medicaid are children, the elderly and the disabled. California's most vulnerable citizens will be the most harmed by the legislation, particularly vulnerable seniors who rely on the program for nursing home care.
 - Medicaid covers half of all children in California.
 - One in 10 veterans depends on Medicaid.
 - Nearly two-thirds of Medicaid spending supports care for the elderly and disabled.
- Drastic reductions in federal Medicaid spending will significantly impact the state budget. States, like California, that expanded eligibility for Medicaid will lose the enhanced federal match, likely resulting in major losses of coverage.
- California hospitals will also see deep cuts in the form of reduced disproportionate share payments, which are targeted only to expansion states.
- Health care providers will face increased uncompensated care and will have to reduce access to services.
- Medicaid already underpays providers, covering less than the cost of care.
- Loss of Medicaid coverage will threaten access to treatment for behavioral health and those suffering from addiction to opioids.

Everyone will be impacted.

- This bill will adversely affect everyone with private insurance.
- Underfunded Medicaid programs will lead to significantly higher health insurance costs and increased premiums for everyone.
- Medicaid underpayments create a payment gap for providers that privately insured employers and individuals will be forced to close through a "cost shift" or "hidden tax."

Jobs will be lost, services will be reduced and economic challenges will pervade.

- California's hospitals and health systems provide \$84 billion in salaries and benefits to their valued employees. Combined with an additional \$145 billion in economic output for goods and services, California's hospitals contribute more than \$229 billion to the state's economy — including nearly 1 million jobs.
- As their financial health deteriorates due to lost Medicaid funding and increased uncompensated care, hospitals and other providers will be forced to make tough choices, including reduced access to services and possible closure.
- The economic ripple effects will be significant, not only due to the loss of hospital jobs but also because the loss of a local hospital often makes a community less attractive to potential companies and manufacturers. This exacerbates the economic impact and employment opportunities in communities.

California's rural communities will be especially hard hit.

- In rural regions that tend to have sicker patients requiring more costly care, the need for access to coverage — both Medicaid and availability through the marketplace — is especially important.
- The Senate plan does not provide the safety net that rural patients and hospitals need.
- California's rural hospitals have a higher than average percentage of Medicaid patients; deep Medicaid cuts could push them toward closure.
- When rural hospitals close, the entire community is impacted. Doctors, nurses, technicians and others are often forced to leave the area to look for jobs elsewhere.