



Graham-Cassidy Repeal and Replace Amendment September 25, 2017

Executive Summary

In general, the Graham-Cassidy proposal would, beginning January 1, 2020, repeal the Affordable Care Act (ACA) provisions for Medicaid expansion, premium tax credits and cost-sharing subsidies. Under this amendment, the individual and employer mandates would be repealed and the Medicaid program would be completely restructured. The measure would create a new block grant — the Market-Based Health Care Grant, funded at \$1.76 trillion for 2020-26 — to fund state health insurance programs. The pre-ACA Medicaid population would be transitioned to a per-capita cap program that not only drastically reduces federal spending but also significantly redistributes it, taking from expansion states and giving it to non-expansion states. It is a dramatic shift of financial obligation and risk from the federal government to the states.

The legislation's key provisions would:

- Establish a block grant that would provide significantly less resources to maintain coverage and redistribute funding in a manner that is divorced from the cost of coverage and care
- Create a per capita Cap that is not tied to the actual costs of meeting the Medicaid population's needs and is not adjusted for public health emergencies
- Tie the growth rate for the block grant to CPI-M, an index that does not reflect current Medicaid growth
- Endanger consumer protections by allowing states to waive the essential benefit package and allowing insurers to charge premiums that reflect the patients' health or age
- Undermine financial security for individuals with pre-existing conditions and coverage of key benefits such as maternity care, prescription drugs, or opioid addiction treatment
- Repeal the individual and employer mandates without an alternative policy to encourage a healthy risk pool
- Repeal enhanced federal funding for Medicaid expansion as of December 31, 2019
- Permit states to require non-disabled, non-elderly, non-pregnant adults to satisfy work requirements for purposes of Medicaid eligibility
- Provide \$8 billion over three years for quality performance bonuses for state Medicaid CHIP programs
- Repeal advance premium tax credits and cost-sharing reductions for marketplace coverage in calendar year 2020
- Not provide funding for the cost-sharing reductions for calendar years 2018 and 2019
- Provide \$25 billion over two years (2019 and 2020) to stabilize health insurance premiums in the federal health insurance marketplace
- Eliminate the tax on medical devices
- Provide that beginning October 1, 2017, only Medicaid recipients who are age 65 years or older, blind or disabled can receive retroactive eligibility for coverage

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- Require states to, beginning October 1, 2017, conduct eligibility redeterminations every six months for populations whose eligibility was determined through modified gross income
 - Reduce allowable provider tax limit from 6 percent through a phase-down to 4 percent in fiscal year 2021