

Talking Points: Revised Cassidy-Graham ACA Repeal Plan
Updated September 15, 2017

- Efforts to repeal the Affordable Care Act (ACA) failed in large part because a large majority of Americans oppose taking coverage away from millions of people, raising costs for millions more, and gutting Medicaid, as all of the congressional repeal bills would have done.
- The failure of these bills has opened the door to a better path: a bipartisan, transparent effort to strengthen the individual market and make coverage more affordable. Senators from both parties are working to develop bipartisan legislation this month.
- In contrast, the Cassidy-Graham repeal plan is a last-ditch effort to turn back the clock and go back to the same damaging, secretive, and partisan approach to repeal the ACA.
- **Despite claims to the contrary, the Cassidy-Graham plan is just another ACA repeal bill that would have the same devastating effects as the previous repeal bills.** Specifically:
 - Medicaid expansion: The plan would completely eliminate the ACA's expansion of Medicaid, which has extended coverage to 11 million low-income adults.
 - Marketplace subsidies: It would also completely eliminate the ACA's marketplace subsidies, which currently help almost 9 million people afford coverage. Unlike under earlier Republican bills, which substituted highly inadequate tax credits, moderate-income working people buying individual market coverage would no longer be guaranteed *any* assistance.
 - Block grant instead of expansion and subsidies: In place of Medicaid expansion and marketplace subsidies, the plan would substitute a block grant to states that would:
 - Provide \$239 billion less in federal support for coverage between 2020 and 2026. Nationwide block grant funding by 2026 would be at least \$41 billion, or 17 percent, below current law funding for Medicaid expansion and tax credits.
 - Dramatically redistribute funding across states, meaning that many states – especially Medicaid expansion states and states with high marketplace costs – would see far deeper cuts.
 - End completely after 2026 – as if the need to help low- and moderate-income people afford coverage would just disappear overnight.

Because a block grant provides a fixed amount of funding for states each year, the proposal also leave states on the hook for any and all unexpected costs from recessions, natural disasters, public health emergencies, or prescription drug price spikes.

- Medicaid per capita cap: On top of these cuts, the plan would also cap and cut Medicaid for seniors, people with disabilities, and families with children, cutting funding outside expansion by about \$175 billion between 2020 and 2026. By 2026, the cut to the rest of Medicaid would equal \$39 billion, or 8 percent. States would also be on the hook for any and all higher unanticipated health costs per beneficiary including the cost of new breakthrough treatments and costs the cap doesn't account for like aging of the population. These cuts would grow much larger in coming decades. That's because starting

in 2025, the bill would further cut the annual adjustment of per-capita-cap decades well below projected increases in per-beneficiary costs. Faced with these cost and risk shifts, states would have no choice but to institute deep and growing cuts to seniors, people with disabilities and families with children, with certain services – such as home- and community-based care for seniors and people with disabilities – especially at risk.

- Protections for people with pre-existing conditions: Similar to the House bill’s “MacArthur amendment,” the Cassidy-Graham bill would let states waive the ACA’s prohibition on charging people with pre-existing conditions higher premiums as well as its essential health benefit requirements. When it analyzed the House waivers, CBO concluded that in parts of the country, people with pre-existing conditions “might not be able to purchase coverage at all,” and in states accounting for half the nation’s population, plans would be able to go back to excluding services like maternity care and substance use treatment.

- Women’s health: Like prior Republican bills, Cassidy-Graham specifically targets access to women’s health care services by barring states from reimbursing Planned Parenthood for preventive health and family planning services for people enrolled in Medicaid.

- **While CBO hasn’t yet scored the Cassidy-Graham plan, it’s clear that the plan would take coverage from tens of millions of people – just like every other ACA repeal bill.**

- The plan’s effects would be identical to the earlier Senate repeal bill, causing 15 million people to become uninsured next year and driving up premiums by 20 percent.
- After 2020, when the plan’s cuts to Medicaid expansion, ACA subsidies, and the underlying Medicaid program would take effect, coverage losses would grow.
- By 2027, the plan would cause 32 million or more people to lose coverage, just like earlier plans to repeal the ACA with no replacement. Once its block grant funding ends, the Cassidy-Graham proposal is virtually identical to those plans, except that it also cuts Medicaid for seniors, people with disabilities, and families with children.

- **With bipartisan efforts under way to strengthen individual insurance markets, the Cassidy-Graham plan would destabilize them by dramatically increasing uncertainty.**

- The plan would leave 50 states and left to devise their own market rules and financial assistance programs — absent any federal guidance, guardrails, or infrastructure.
- That means insurers would have no idea how the individual market would operate in 2020 or beyond, and it could be years before they knew what risk pools would look like.
- In the interim, insurers would almost certainly impose very large rate increases to reflect the uncertainty, and some would likely exit the individual market altogether.
- By 2027, when the block grant funding is eliminated, the individual market in much of the country would be at risk of collapse, as CBO predicted would occur under earlier proposals to repeal major ACA coverage provisions with no replacement.

- **Senators Cassidy and Graham are also pursuing the same kind of rushed, secretive process to hide the bill’s damaging impacts that we saw during previous rounds of the ACA repeal debate.** They’ve been negotiating changes to their plan behind closed doors and now aim

to jam it through both the House and Senate within just 17 days of its release – before policymakers and the public can understand its implications.

Claims That Many States Are Winners Under Cassidy-Graham Bill Are False

Senators Cassidy and Graham have published estimates that purport to show that most states see higher funding for coverage under their bill. But the estimates show nothing of the kind.

- The estimates do not compare funding for states under the Cassidy-Graham proposal versus current law funding for Medicaid and ACA subsidies.
- Comparing Cassidy-Graham funding levels with current law funding shows that the large majority of states see reduced funding by 2026 – and all states would be losers in the long run, when the block grant funding disappears, during recessions or when faced with other unanticipated increases in health care costs or need, and as a result of the increasingly severe cuts resulting from the Medicaid per capita cap.
- The estimates on the Senators’ website instead compare funding under the Cassidy-Graham block grant in 2026 with funding under the block grant in 2020. Naturally, funding (not adjusted for inflation or health care costs) rises significantly over the course of six years. But funding would also increase under current law. The relevant question is how Cassidy-Graham and current law funding levels compare.
- Effectively, this is the same calculation that the Trump Administration used to claim that the congressional repeal bills and the Trump Budget didn’t cut Medicaid – despite cuts of hundreds of billions of dollars. As multiple independent fact checkers concluded, this methodology is meaningless: when evaluating the impact of a proposal, the question is how it compares to what would happen without it.
- The estimates on the Senators’ website also entirely exclude the large cuts that would result from the bill’s per capita cut on non-expansion Medicaid funding.

Two new resources from Families USA critiquing Graham-Cassidy:

1. Checklist comparing Graham-Cassidy to previous repeal bills

Promotional tweet: <https://twitter.com/FamiliesUSA/status/908677312727707648>