



Graham-Cassidy-Heller-Johnson Proposal Would Burden State Budgets, Strip Coverage and Protections from Millions

U.S. Senators Lindsey Graham, Bill Cassidy, Dean Heller, and Ron Johnson have released a new Affordable Care Act (ACA) repeal plan (GCHJ.) The GCHJ proposal would strip coverage from millions while severely straining state budgets. This proposal would be even more harmful than the Better Care Reconciliation Act (BCRA) the Senate - and the American people - rejected earlier this year.

The GCHJ proposal retains some of the most damaging aspects of BCRA, including per capita caps on Medicaid spending that would not keep up with Medicaid costs overtime and would force states to make deep cuts to eligibility and services. But GCHJ goes even further than BCRA by ending federal funding for Medicaid expansion and premium and cost-sharing subsidies in 2020, and replacing them with a temporary and inadequate block grant to states.

Under this structure, consumers have no guarantee that they would continue receiving coverage or subsidies to reduce their premiums because states have broad latitude on how to spend their block grant funds. Even states that want to match the coverage structure and affordability protections provided under the ACA couldn't because the block grant allotment is well below funding projected under current law. And the block grant ends by 2027, leaving states, nearly [12 million](#) newly-eligible Medicaid expansion enrollees, and [10 million](#) people who rely on tax credits to afford their premiums without any help at all.

The GCHJ proposal would:

- **Shift massive costs and risks to states.** All states would take on new risks and costs because GCHJ converts the overall Medicaid program into a per capita cap. Under this proposal, the federal government would cap its payments to states for most enrollees, and those caps would grow more slowly than actual Medicaid expenditures, leaving states with insufficient funding to meet their current obligations. Plus, states would also be fully exposed to any unexpected health care cost increases, such as from a natural disaster, an aging population or medical innovations. The per capita cap alone would reduce federal Medicaid spending by [\\$175 billion](#) between 2020 and 2026.

On top of those cost shifts, the 31 states that expanded Medicaid under the Affordable Care Act will be at risk for far deeper cuts. GCHJ ends all federal matching funds for the Medicaid expansion in 2020. Some of the funds that the federal government would have spent on Medicaid expansion get rolled into the block grant, but the block grant doesn't make up for expansion states' losses because:

- *The block grant is inadequate.* According to analysis by the Center on Budget and Policy Priorities, the block grant would provide \$239 billion less between 2020 and 2026 than projected federal spending for the Medicaid expansion and marketplace subsidies under current law. By 2026, block grant funding would be at least \$41 billion (17 percent) below projected spending under current law.¹

¹ See further analysis here: <https://www.cbpp.org/research/health/like-other-aca-repeal-bills-cassidy-graham-plan-would-add-millions-to-uninsured>.

- *The formula for block grant would move expansion funding from expansion states to non-expansion states.* Starting in 2021, the formula distributes these block grant funds to states based on their share of low-income residents; this will have the effect of punishing expansion states and states with high enrollment under the ACA.
- *The block grant ends after 2026,* leaving states with no funding to replace the lost expansion funds.
- **Lead to millions losing their coverage.** This proposal also ends Medicaid expansion, causing all [12 million](#) newly eligible low-income Medicaid expansion enrollees to lose their coverage, with no guarantee that states would use their block grant funds to provide an alternative affordable coverage option for them.

In addition, eliminating advanced premium tax credits and cost sharing reductions would impose financial burdens on most of the 10 million people who currently rely on tax credits to be able to afford their coverage. Since there would be no guarantee that states would direct their temporary block grant funds toward financial assistance, all of these enrollees are at risk for sharply higher out-of-pocket costs and coverage loss.

After 2026, once the bill's block grant funding ends, CGHJ essentially repeals of the ACA's major coverage provisions with no replacement; the Congressional Budget Office has estimated this would [cause 32 million people to lose coverage](#).

- **Threaten care for low-income seniors, children, and people living with disabilities.** In addition to the massive coverage losses caused by the proposal's elimination of Medicaid expansion funds and premium and cost-sharing subsidies, GCHJ also threatens the care of millions of low-income seniors, children and people living with disabilities who relied on the Medicaid program even before enactment of the Affordable Care Act. By capping and slashing funding for the traditional Medicaid program by [\\$175 billion over six years](#), the per capita cap will force states to cut payments to health care providers and health plans, eliminate optional services, and restrict eligibility for enrollment - all of which could restrict access to important health care services for Medicaid enrollees.

No eligibility category would be immune to the impacts of these cuts. Since children make up almost one-half of the Medicaid beneficiaries, they can't possibly be protected if cuts of this magnitude are enacted. And in many ways, seniors and people living with disabilities have the most to lose, since Medicaid is the primary payer for long-term services and supports. Community Based Services - the services that keep people with cognitive and physical impairments home and in their communities - are "optional" in Medicaid. The fiscal pressure created by per capita caps will likely lead states to cut back on these services, forcing seniors and people living with disabilities out of their homes and into institutions for their care. The burden will likely hit communities of color especially hard, where Medicaid enrollment is especially high.

The GCHJ proposal would result in millions of Americans losing coverage, cut financial assistance that low-and-middle income Americans rely on to buy health insurance, end the Medicaid expansion, and shift overwhelming costs onto state budgets. In the end, it is even worse than the previous health care repeal bills that the American people have overwhelmingly rejected.