

Medicaid Expansion and the Republicans' ACA Repeal Bill

On March 6, House Republicans introduced the [American Health Care Act](#) (AHCA), the bill to repeal the ACA and eliminate the current financing structure for Medicaid. The bill directly impacts the Medicaid expansion enacted by the Affordable Care Act (ACA) for non-pregnant childless adults. This fact sheet explains the impact AHCA would have on Medicaid expansion.¹

Background

Under the ACA, states were required to expand Medicaid to all non-pregnant childless adults up to 133% of the Federal Poverty Level (FPL) and had the option of providing coverage above that level. The goal was to provide a uniform base level of coverage in Medicaid for all enrollees and to help reduce the number of uninsured since many states did not previously cover this population to any significant degree. The Supreme Court effectively made the expansion optional;² however, 31 states and the District of Columbia did expand Medicaid to this adult population.³

States receive an “enhanced match” for this population – the federal government paid 100% of the costs for these individuals from 2014-2016, with federal payments to taper to 90% for 2020 and beyond. Medicaid expansion has provided new eligibility to more than 11 million individuals.

How AHCA Impacts Medicaid Expansion

AHCA would change both the funding and eligibility for Medicaid expansion populations.

First, AHCA would add language to the Medicaid Act explicitly stating that Medicaid expansion for adults up to 133% FPL is optional. And while states could continue covering these adults, any state expanding after January 1, 2020 would not receive an enhanced match.⁴ Thus, instead of receiving 90% of the costs of covering this population from the federal government, states would receive, on average, only about 57% of the costs. Many states will likely scale back or terminate their Medicaid expansion coverage, particularly if state budgets are squeezed

¹ This fact sheet is current as of March 10, 2017. Conservative Republicans are likely to attempt to scale back the Medicaid expansion more quickly as the bill moves to the House Budget Committee and the House floor.

² *NFIB v. Sebelius*, 132 S. Ct. 2566 (2012).

³ Kaiser Family Foundation, *Status of State Action on the Medicaid Expansion Decision*, <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

⁴ Members of the House Freedom Caucus have said they would likely support AHCA if the Medicaid expansion enhanced match stopped in 2018 instead of 2020.

due to other factors, including the Medicaid per capita caps the bill would also impose. Moreover, eight Medicaid expansion states included language in their state bills terminating the Medicaid expansion if the federal payments were reduced below 90%.

Second, after January 1, 2020, further restrictions on obtaining the enhanced match apply. Any individual in this eligibility category who cycles out of the category for more than one month would not receive the enhanced match even if the individual regained eligibility. Within about two years, estimates predict that no individual will be eligible for the enhanced match.⁵ Why? Because individuals often move between Medicaid categories (e.g., a non-pregnant childless adult becomes pregnant and moves to the Medicaid pregnancy category) or between Medicaid and private insurance (e.g. a non-pregnant childless adult has an increase in income and becomes ineligible, thus looking to the marketplace or employer-based coverage). So if an individual in the Medicaid expansion category leaves for any reason for more than a month, and later returns **after** January 1, 2020, the state would no longer receive the enhanced match. If a state has Medicaid expansion and an individual leaves and returns **before** January 1, 2020, the state would continue to receive the enhanced match (until the individual cycles off after January 1, 2020 for more than a month).

Some states expanded to this population using waivers pursuant to § 1115 of the Medicaid Act. These waivers are also subject to the AHCA provisions because AHCA would supersede the waiver.

Finally, AHCA would prohibit states from expanding Medicaid to non-pregnant childless adults above 138% FPL after December 31, 2019.

Conclusion

AHCA's provisions would effectively end the Medicaid expansion category by reducing federal funding, preventing states from expanding Medicaid after January 1, 2020, or barring states from continuing to receive the enhanced federal payments for these enrollees. While states technically could continue to cover non-pregnant childless adults up to 133% FPL pursuant to AHCA, history tells us that these enrollees are likely the first to go as states have to pay more of the costs or seek to cut Medicaid in other ways to meet the per capita caps also imposed by AHCA.

⁵ Center on Budget and Policy Priorities, *House Republican Health Plan Shifts \$370 Billion in Medicaid Costs to States* (Mar. 8, 2017), available at <http://www.cbpp.org/research/health/house-republican-health-plan-shifts-370-billion-in-medicaid-costs-to-states>.