



## Top 10 Changes to Medicaid Under House Republicans' ACA Repeal Bill (updated June 20, 2017)

By: [Mara Youdelman](#) and [Kim Lewis](#)

On May 4, House Republicans passed the [American Health Care Act](#) (AHCA) to repeal the ACA and eliminate the current financing structure of Medicaid. Yet the bill makes many other draconian changes to Medicaid. Overall, the Congressional Budget Office estimates that several major provisions affecting Medicaid would decrease direct spending by [\\$834 billion over the 2017-2026](#) and result in [14 million individuals](#) losing Medicaid.<sup>1</sup> This fact sheet addresses how AHCA impacts Medicaid.

- 1. Implements a Per Capita Cap.** Since 1965, Medicaid has operated as a federal-state partnership where states receive on average [63%](#) of the costs of Medicaid from the federal government. The federal share is based on actual costs of providing services. AHCA limits the federal contribution, based on a state's 2016 expenditures inflated at a rate that is projected to be less than the yearly growth of Medicaid health care costs.<sup>2</sup> So starting January 1, 2020, funding for state Medicaid programs will shrink over time, resulting in states cutting coverage and services for all beneficiaries.
- 2. Repeals Medicaid Expansion.** AHCA effectively repeals the Medicaid expansion on January 1, 2020 by eliminating the enhanced federal funding for states to enroll non-pregnant childless adults. It also requires those in the Medicaid expansion population to submit eligibility renewal paperwork every six months just to stay on Medicaid, beginning October 1, 2017. Thus, states can continue to cover this group, but only at regular matching rates and, this, coupled with the stringent re-determination requirements for this group, will effectively repeal the coverage (CBO estimates only 5 percent will be left in this group by 2024). NHeLP issued a separate [fact sheet](#) on this issue.

<sup>1</sup> Congressional Budget Office Cost Estimate, American Health Care Act at 4, *available at* <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>.

<sup>2</sup> CBO Cost Estimate at 11.

- 3. Repeals Mandatory Medicaid Coverage for Children ages 6-18.** The ACA requires states to provide Medicaid coverage to all children ages from birth to age 19 under 138% of the FPL. Prior to the ACA, states had to cover children ages 0-5 years old up to 133% of the Federal Poverty Level (FPL) but states only had to cover children ages 6-19 (or up to 21 at state option) up to 100% FPL. AHCA lowers the eligibility level for children ages 6-19 from 133% FPL back to 100% FPL. This means that (in some states) children may lose their Medicaid and can only be enrolled in CHIP or be uninsured. These children may get fewer benefits than on Medicaid and may not receive all services they need to correct or ameliorate their medical or mental health conditions.
- 4. Repeals Presumptive Eligibility for the Medicaid Expansion Population.** In addition to repealing the Medicaid expansion, AHCA prevents states from using “presumptive eligibility” for non-pregnant childless adults after January 1, 2020 even if a state chose to continue covering non-pregnant childless adults under its regular Medicaid funding.
- 5. Eliminates Retroactive Eligibility.** Medicaid currently provides coverage up to three months before the month an individual applies for coverage. This “retroactive coverage” protects individuals from medical expenses they incurred before they apply for Medicaid. An individual may not be able to apply for Medicaid immediately due to hospitalization, a disability, or other circumstances and retroactive coverage provides that critical coverage and ensures providers can get reimbursed for their costs and low-income individuals do not end up facing severe medical debt or bankruptcy due to these medical expenses. AHCA repeals this coverage for all Medicaid beneficiaries starting October 1, 2017.
- 6. Imposes Stricter Citizenship Verification Requirements.** Currently Medicaid applicants must provide documentation of their citizenship or nationality to enroll in Medicaid, but can access health care services while waiting for verification. Beginning 6 months after this bill is enacted, AHCA would prevent states from obtaining reimbursement for any services received while an individual is obtaining the necessary documentation (called a “reasonable opportunity period”) even if the individual meets all other Medicaid eligibility requirements and attests to his or her citizenship status. It is likely that states will also elect to delay eligibility until after documentation is verified so they do not have to pay 100% of the costs during the reasonable opportunity period.
- 7. Imposes New Financial Limits on Medicaid Waivers.** States may seek waivers from the federal government allowing the state to stop having to follow certain federal Medicaid requirements so the state can test experimental, pilot, or demonstration projects that promote the objectives of the Medicaid program. Normally, states would have to ensure this would be “budget neutral” to the federal government over the course of the waiver period (typically five years),

thus, can spend more federal funds up front to build new infrastructure or provide more intensive services. AHCA takes away states' flexibility to spend these waiver funds up front by imposing yearly budget caps.

#### **8. Repeals Essential Health Benefits (EHBs) for Medicaid Expansion**

**Beneficiaries.** Under the ACA, states that expanded coverage to non-pregnant childless adults had to provide coverage in at least the 10 "essential health benefit" categories. AHCA repeals this requirement, which will no longer apply after December 31, 2019, resulting in beneficiaries losing services such as mental health and substance use disorder services, and losing access to some free preventive health services.

#### **9. Repeals Enhanced Funding for States for Community First Choice (CFC)**

**Attendant Supports.** Established under the ACA, the "Community First Choice Option" allows States to provide home and community-based attendant services and supports to eligible Medicaid enrollees under their State Medicaid Plan. CFC funds assist individuals with Activities of Daily Living (ADLs), habilitative services and emergency back-up systems like electronic indicators. CFC also gives states the option to cover many of the costs of transitioning individuals from institutional care to supported community living, including rent deposits, moving expenses and some nonmedical transportation. Some of these services compliment the transition services. AHCA repeals the 6% increase in funds established to cover these services starting January 1, 2020.

#### **10. Limits Home Equity Exclusions.**

Currently, individuals needing nursing home or other long-term care services must have home equity below a certain limit to qualify for those Medicaid services. States can exclude up to \$750,000 of these individuals' home equity. AHCA prohibits states from exceeding \$500,000 of home equity, starting 6 months after the bill is enacted into law, potentially limiting the availability of nursing home and other long term care services to individuals who may live in high-cost areas and have substantial home equity but limited income and other assets.

Changing the financing of Medicaid from a guarantee (or "entitlement") to a per capita cap and these other changes to Medicaid threaten everyone -- enrollees who receive services, health care providers who provide care through Medicaid, families who live and work without the worry of providing expensive care to a child with a debilitating illness or an older adult who needs home care or nursing home care, and all communities which benefit from the jobs created and the federal dollars flowing into our state economies. Cutting \$880 billion in federal funding and 14 million individuals off Medicaid creates significant financial hardship for states and is devastating for low-income and vulnerable people everywhere. No one can afford these changes.