



# American Health Care Act (AHCA)

*Initial Bill Analysis* | *Easterseals Office of Public Affairs*

*(Updated: March 7, 2017)*

## ABOUT THE AMERICAN HEALTH CARE ACT:

The [American Health Care Act \(AHCA\)](#) was released on March 6, 2017 by U.S. House Republicans as their alternative (“repeal & replace”) to the Affordable Care Act (ACA). The legislation includes two major titles that will be voted on separately by the U.S. House Energy & Commerce and Ways & Means Committees on Wednesday, March 8. The combined bill will likely be considered by the U.S. House of Representatives later in the month.

<b>Key Links: American Health Care Act</b>	
<b>Bill Text</b>	<a href="https://housegop.leadpages.co/healthcare/">https://housegop.leadpages.co/healthcare/</a>
<b>AHCA Title I Summary</b>	<a href="http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/documents/Section-by-Section%20Summary_Final.pdf">http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/documents/Section-by-Section%20Summary_Final.pdf</a>
<b>AHCA Title II Summary</b>	<a href="https://waysandmeans.house.gov/wp-content/uploads/2017/03/03.06.17-Section-by-Section.pdf">https://waysandmeans.house.gov/wp-content/uploads/2017/03/03.06.17-Section-by-Section.pdf</a>

### *American Health Care Act Highlights:*

- **What AHCA Repeals**
  - Repeals the **Community First Choice optional program [Title I, Pages 4-5]**
  - Repeals the individual and employer mandates on health coverage (and the penalties if you fail to meet the mandates) [Title I, Page 14]
  - Phases out the ACA Medicaid expansion by January 1, 2020 (while grandfathering an expanded match for existing expansion enrollees and allowing states to add new enrollees to Medicaid expansion under a reduced match) [Title I, Pages 5-8]
  - Ends the essential health benefit requirements by 2020 [Title I, Page 8]
  - Repeals the prevention and public health fund [Title I, Page 1]
  
- **What AHCA Includes as Replacement**
  - **Replaces the Medicaid federal funding guarantee with a per capita allotment [Title I, Pages 25-43]**
  - Replaces the health care subsidies for individuals to purchase health insurance with refundable tax credits that are based on age and income [Title II, Page 19-36]
  - Increases contribution limits for health flexible spending accounts (FSA) [Title II, Page 16-17]
  - Creates a \$100 billion Patient and State Stability Fund for states to create high-risk pools and improve health care coverage and affordability [Title 1, Page 45-65]
  - Makes available \$10 billion in funding for non-Medicaid expansion states in safety net funds [Title 1, Pages 21-23]
  
- **What AHCA Keeps**
  - Maintains the provision that allows parents to keep their children, up until age 26, on their health plans
  - Maintains a provision related to pre-existing conditions



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## KEY CONCERNS FOR EASTERSEALS:

Easterseals' primary concerns with the AHCA are related to the Medicaid provisions that cap federal funding and that repeal Medicaid's Community First Choice optional program:

- **Medicaid Per Capita Cap Allotment:** Section 121 of the AHCA would convert Medicaid financing from the current federal funding guarantee based on state Medicaid expenditures to a federal payment limit based on the number of enrollees in the program. Under the current Medicaid structure, the federal government matches a state's Medicaid expenditures using an income average formula. This federal match (known as Federal Medical Assistance Match or FMAP) [ranges from](#) 50 percent (ie: New York, California) to as high as 71.44 percent (Alabama).
  - Benefits of Medicaid's Current Financing Structure: A state's Medicaid expenditures can rise from year to year due to such things as recession, natural disaster (ie: displaced Hurricane Katrina residents), steep increases in medical inflation or current enrollee's changing health care needs and costs. Under the current financing structure, the federal government must match these increased expenses using the state's FMAP formula.
  - Problems with the AHCA's Per Capita Cap Allotment: A per capita cap allotment does not automatically guarantee or reimburse unexpected increases in state Medicaid expenditures based on non-enrollment factors such as steep health care inflation or enrollees' changing health care needs based on age, disease or other health situations. In addition, the AHCA per capita cap proposal uses an increase formula that may not meet true medical inflation costs and includes a federal Medicaid funding reduction mechanism that kicks in starting in FY 2020 if a state spends higher than their specified targeted aggregate amount—which could further restrict funding and, ultimately, access to essential health care and community services for individuals with disabilities.

### **Easterseals' Per Capita Cap Position:**

*Easterseals opposes the AHCA's Medicaid per capita cap proposal that sets limits on how much the federal government reimburses states for Medicaid. Thousands of individuals with disabilities already struggle to access essential community supports because of long Medicaid waiver wait lists. Further restrictions on the amount of federal funding available to state Medicaid programs does not benefit the individuals with disabilities and families served by Easterseals.*

- **Community First Choice Option:** Section 111 (2) of AHCA repeals Community First Choice, an optional Medicaid benefit in ACA that allows states to offer community-based attendant services and supports to Medicaid beneficiaries with disabilities who would otherwise require the level of care offered in a hospital, nursing facility, or intermediate care facility. States who pursued this option received a 6 percentage point increase in



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their federal Medicaid match (FMAP) for covered home and community-based services and supports within the state plan.

**Easterseals' Community First Choice Position:**

*Easterseals opposes the AHCA's repeal of the Community First Choice optional program. Community First Choice was an important step toward rebalancing Medicaid from its institutional bias to HCBS services, like those provided by Easterseals affiliates. Many individuals with disabilities benefited from increased access to attendant care and other HCBS services in eight states, including California, Montana and Texas, who adopted this optional benefit*

The Easterseals Office of Public Affairs will continue to review the American Health Care Act and update our analysis on AHCA's impact on Easterseals and the individuals with disabilities served by Easterseals affiliates. If you have questions, contact OPA at 202-403-8345.