

THE AMERICAN HEALTH CARE ACT

Addressing Obamacare's Medicaid Expansion

Medicaid is a critically important program that represents a partnership between federal and state governments to traditionally provide benefits to eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities.

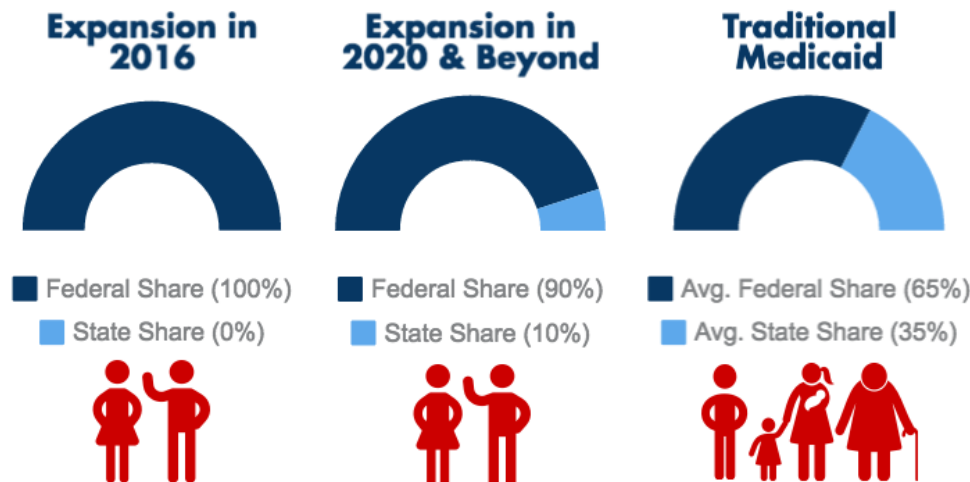
Obamacare forced States to expand Medicaid to cover able-bodied adults, or lose all their federal Medicaid funding. After the Supreme Court's 2012 ruling in *NFIB vs. Sebelius* that this requirement was unconstitutional, some states still chose to expand Medicaid eligibility to people under the age of 65 with income up to 138 percent of the federal poverty level.

Obamacare expanded Medicaid to cover able-bodied, working adults up to 138% of the federal poverty level (FPL).



100% → 138%

Obamacare also provided enhanced federal funding for expansion, with the federal government covering 100 percent of the costs through 2016. In 2017, the federal government pays 95 cents of every dollar for an expansion enrollee, and that amount gradually diminishes each year until it reaches 90 percent in 2020. This policy creates a gross inequity under the law, because the federal government covers a higher percentage of the cost of care for able-bodied adults above poverty compared to the disabled, elderly, or children below poverty.



THE GOALS:

- ✓ Focus Medicaid on those it was intended to help
- ✓ Ensure no one who has gained coverage has the rug pulled out from under them

It is not fair for the federal government to pay for a greater portion of the cost of care for an able-bodied adult above poverty than it is for the government to pay to help provide care for individuals with disabilities, children, or elderly Americans. While ensuring there is health coverage for low-income adults is the right goal, expanding Medicaid by the federal government paying more of the cost of care for this population is not the right long-term solution.

Our plan will not pull the rug out from anyone. For 2017, 2018, and 2019, States with Medicaid expansion enrollees could continue to receive the enhanced federal match available under current law for these

enrollees. Individuals who are Medicaid expansion enrollees can remain enrolled and receive benefits and services as long as they remain eligible.



Freeze expansion enrollment and grandfather those who have coverage through the Medicaid Expansion today



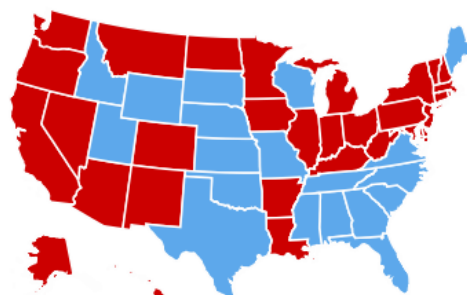
Bring future Federal matching for low-income adults into alignment with a State's regular matching rate



Provide fairness to non-expansion States through additional funding to Medicaid providers

Creating a Level Playing Field for Medicaid

On or after January 1, 2020, any newly-enrolled patients in the Medicaid expansion program will be matched a state's regular matching rate, while the state will continue to receive an enhanced matching rate for individuals who have been grandfathered population and who remain eligible for the program. This financing change allows states to keep a Medicaid program to serve low-income adults, but creates a level playing field for Medicaid spending so the federal government is not prioritizing the cost of care for able-bodied adults above that of the most vulnerable.



31 States and DC adopted ObamaCare's Medicaid Expansion

For those states that did not expand Medicaid, the bill provides \$2 billion per year until 2022 in safety net funding to provide non-expansion states with additional resources. Funding is allocated based on the percentage of that state's population below 138 percent of federal poverty and could be paid to any Medicaid provider to help cover their costs for providing care to uninsured patients and patients with Medicaid.

For non-expansion states, the bill also immediately cancels ObamaCare's disproportionate share hospital (DSH) cuts. Expansion states would see their state's DSH cuts in FY 2018 and FY2019, but cuts in FY2020 and beyond are rescinded.

The Bottom Line:



As we unwind ObamaCare's Medicaid expansion, we will treat this population fairly as we ensure that Medicaid can continue provide health benefits to eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities.