

## Basic needs

# New ACA repeal plan threatens Ohioans

**Wendy Patton**

The Affordable Care Act (ACA), which helps people of low and modest income get health insurance, was under assault by Congress for most of last year. It survived, but the battle is starting again.

A group of conservative think tanks is working to build support for a new [plan](#) to repeal the ACA. The new plan, which has received [support](#) from the Trump Administration, [looks](#) a lot like one of the old ones—the one named after the Republican sponsors, Senators [Cassidy and Graham](#), which would have reduced the number of people with insurance coverage by around [21 million](#) each year between 2020 and 2026. It would have almost doubled the share of working age adults without insurance.

The new plan would likely reduce federal health care funding for people of low and middle income, over time, while eliminating any guarantee of coverage or financial assistance for these groups. It would:

- Eliminate the ACA’s expansion of Medicaid to low-income, working-age adults; and
- Eliminate tax credits and subsidies that help people buy insurance if they don’t get it through their jobs;
- Take the funds from the repeal and use them in fixed-sum block grants for health care to be given to the states;
- End key ACA protections for people with pre-existing conditions, and the requirement that all insurance plans cover essential health benefits;
- Require states to privatize Medicaid (including Children’s Health Insurance Program), with subsidies for enrollees to buy private plans;
- Divert federal health care funds to subsidize health savings accounts (HSAs).

### Ending the Affordable Care Act

The new plan would eliminate the tax credits of the ACA that have helped middle-income and modest-income workers buy insurance. In Ohio, [157,577](#) get health coverage with these credits in 2018. It would also eliminate protections against discriminatory pricing and stop requiring insurance to cover basic services, including services or care for emergencies, childbirth, mental health, substance abuse, prescription drugs, rehabilitation, lab tests, prevention, wellness, chronic disease management, outpatients, and pediatrics including dental and vision.

Before the Affordable Care Act, people whose jobs did not provide health insurance often struggled to get adequate and affordable coverage. Insurance was not well regulated and people paid for plans that didn’t cover all of their needs. Some faced discrimination in pricing. Women were charged more than men. Old people were charged far more than young people. Those with pre-existing conditions, such as [asthma](#) or [cancer](#), could be charged so much they could not get any insurance at all. The ACA [ensured](#) people with pre-existing conditions could

get coverage, that prices would be fairer and that consumers would be protected from inadequate plans.

The new conservative plan would eliminate these nationwide protections. Insurers could offer skimpier plans and discriminate in pricing. Individual plans could be cheaper for some but more expensive for people who are elderly, disabled, or have pre-existing conditions, and for women of childbearing age. It would require states to use some Medicaid and Children's Health Insurance Program dollars to buy [private plans](#), some of which may be inadequate and not cover emerging needs as children grow and people age.

The new repeal plan would also eliminate the ACA's Medicaid expansion, which gave access to health care to low-income adults of [working age](#), even those without custody of children. In April 2018, [673,270](#) Ohioans were enrolled in the Medicaid expansion. Today Medicaid is the state's largest health care payer, providing care for more than 3 million people, over a quarter of Ohio's population. In 2018, about three quarters of [Medicaid beneficiaries](#) are children, caretaker parents, disabled or elderly. A little under a quarter (24 percent) are enrolled through the 2014 Medicaid expansion.

The federal government currently pays a fixed share of the cost of Medicaid for all enrollees, including those enrolled through Medicaid expansion. If a recession hits and more people need Medicaid, they can get it: the federal and state governments work together to ensure health coverage. The health care system can respond to an epidemic without sinking into financial ruin. State and federal government work together to protect people's health and the integrity of the health care system. In Ohio, the federal government pays 92 cents of each Medicaid dollar for those enrolled through the Medicaid expansion.

The new GOP plan would change the eligibility-based financing system for people enrolled through Medicaid expansion into a "[block grant](#)"—an annual, fixed sum that does not respond to changes in the economy and public health as the current Medicaid structure does. Block grants reduce federal spending over time. The eligibility-based program called Aid to Families with Dependent Children (AFDC) was changed to a block grant in 1996 and as a result, has been gutted. In 1979 AFDC served 82 out of 100 eligible families nationally. Today, the program, renamed Temporary Assistance for Needy Families, serves just 23 out of every 100 eligible families.

A 2011 [study](#) documented the rise of extreme poverty in the United States, finding that 1.65 million U.S. households with children were living on less than \$2 per person, per day—extreme poverty usually [associated with](#) developing nations. The authors, Luke Shaefer and Katherine Eden, found the number of families living in such extreme poverty in the United States had grown by 159 percent since 1996, when AFDC was changed into a block grant.

Changing the financing structure of the Medicaid expansion can be expected to also shrink the program over time. Funding will shrink as inflation erodes the value of the grant and as needs rise with epidemics and the aging population. Under the new plan, states could shift the federal funds to other purposes or use them to replace state funding, or they can make program cuts that federal law doesn't permit now. Funds could be used for tax benefits used by [higher income](#) people in Health Savings Accounts. These [do not](#) expand access to health care, the objective of Medicaid.

### **What would be the impact of the change?**

Repealing patient protection, eliminating subsidies, and reversing Medicaid expansion would narrow access to adequate health care for millions of people and shift responsibility for health

care to the states. Block-granting Medicaid would eliminate federal commitment to help vulnerable individuals and families, rendering the programs unable to automatically respond to increased need, as they do today. As need increases, states would have to cut eligibility or benefits and establish waiting lists.

States like Ohio that expanded Medicaid would be penalized under the proposed block grant formula. The new proposal would base the initial allocation of state grants on current federal funding, but [over time](#), the grant would be based on a state's number of low-income residents. Nearly all current Medicaid expansion states have above-average ratios of current spending to low-income residents, putting them at risk for especially deep cuts under the new plan. Ohio would lose resources to help with health care under this program.

### **Conclusion and summary**

The new repeal plan places 830,847 Ohioans at risk of losing health coverage. These are people enrolled in the federal market for insurance or enrolled in Medicaid expansion. It extends risk to the millions who have pre-existing conditions. It would restructure the Medicaid financing system in a way that will reduce funding over time, limiting access to care.

The use of block grants to fund health is particularly concerning, because of the history of block grants since the 1996 changes to welfare programs.

The plan as proposed lacks detail, so it is difficult to say with certainty what the outcomes could be. However, the detail it has indicates it is very much like the Cassidy-Graham bill, which the [Brookings Institution](#) estimated would result in 21 million fewer Americans having health insurance. It places is far too much risk on far too many Ohioans. Once again, the public needs to raise its voice and protect health care.