



This document is updated to reflect changes in the Graham-Cassidy as of the drafts released on September 24, 2017 (LYN17751/ LYN17752).

This is Not a Drill: Graham-Cassidy Is Worse Than Full Repeal

Republicans' latest effort to repeal the Affordable Care Act (ACA) is their worst yet. Graham-Cassidy is even more devastating than the Obamacare Repeal Reconciliation Act (ORRA), which fully repealed the ACA, because it also imposes draconian cuts on the long-standing Medicaid program.

Although the Congressional Budget Office (CBO) was unable to provide coverage estimates, it concluded that Graham-Cassidy will increase the number of uninsured and leave millions without comprehensive coverage for high-cost medical conditions.¹ Previously, health experts found that Graham-Cassidy will cause at least 32 million people will lose their health care, including 19 million on Medicaid, by 2027 based on the CBO score of ORRA.² On top of that, JEC analysis shows Graham-Cassidy's arbitrary caps on traditional Medicaid could cause an additional 6.4 million people to lose their Medicaid coverage.³ It will increase costs for working Americans and allow insurers to discriminate against those with pre-existing conditions. The American people want better coverage for less, and Graham-Cassidy delivers the exact opposite.

Takeaways:

- According to health care experts, at least 32 million people will lose their care under Graham-Cassidy, including 19 million on Medicaid, by 2027 based on CBO's score of full repeal.
- An additional 6.4 million people could lose their Medicaid coverage by 2027 due to Graham-Cassidy's arbitrary per-capita caps.
- Gutting Medicaid expansion is a restriction of state flexibility: it forces states to give people care with fewer services at higher costs, asking them to do more with less.
- 23 million people will lose coverage in the individual market by 2027. Those left would have their premium tax credits pulled out from under them and would see their premiums double.
- Graham-Cassidy will affect everyone, even those with coverage through their employer, by increasing health care costs and allowing insurers to discriminate against those with pre-existing conditions.

Medicaid

Under Graham-Cassidy, at least 19 million people will lose their Medicaid coverage by 2027

Before the ACA, Medicaid was only available to children, pregnant women, elderly, disabled people, and families with limited resources. Adults without children who did not fall into one of

these groups could not receive Medicaid coverage. In expanding Medicaid, the ACA made Medicaid benefits available to all people earning up to 138 percent of the federal poverty line (FPL).

Graham-Cassidy ends Medicaid expansion in 2020. Although Graham-Cassidy offers short-term funding to allow states to enroll some people in private insurance, states will receive substantially less funding overall and the funding completely ends in 2027.

Squeezing State Budgets: Graham-Cassidy replaces Medicaid expansion, premium tax credits, and other funding that helps working Americans afford health care with an inadequate block grant that is not sufficient to meet states' actual health care costs. The block grant shrinks over time and completely disappears by 2027. The size of the fund undercounts the number of expansion enrollees: there are 36 million nonelderly, working adults in the U.S. who could be unaccounted for in the Graham-Cassidy funding formula.⁴ As a block grant, it also cannot adjust to meet unexpected funding needs, such as natural disasters, and has no requirement to target its funding at those most in need.⁵

Graham-Cassidy also penalizes states that enacted Medicaid expansion by completely ending replacement funding by 2027, including states like Alaska, Arizona, Nevada, Ohio, Kentucky, and West Virginia. In total, all states will lose over \$250 billion in federal funding in 2027 alone, not including the effects on traditional Medicaid.⁶

Paying More for Less: The Graham-Cassidy bill forces Medicaid expansion enrollees into private market plans that cover fewer services at higher costs. Medicaid is more cost-effective for both consumers and taxpayers than private insurance: if Medicaid beneficiaries were covered by employer-based insurance, spending per enrollee would be 25 percent higher for similar coverage.⁷

Undermining Fight Against the Opioids Crisis: Graham-Cassidy unravels all of the progress we have made in fighting the opioid epidemic. Thanks to Medicaid expansion and the individual markets, an additional 1.8 million people with a mental illness or substance use disorder are getting treatment.⁸ Graham-Cassidy will pull the rug out from under these efforts by ending Medicaid expansion and undermining the individual marketplaces.

6.4 million additional people are likely to lose their Medicaid coverage by 2027

Because Republicans are rushing Graham-Cassidy to a vote, CBO has not had a chance to analyze the changes in the number of uninsured or premiums. We can only base analysis on past CBO scores. However, even the closest legislation to Graham-Cassidy—full repeal—actually *understates* the impact of Graham-Cassidy on Medicaid and the people who depend on it. In addition to repealing Medicaid expansion, Graham-Cassidy also imposes arbitrary caps on the traditional Medicaid program.

The ACA builds on the success of Medicaid by matching state funds in accordance with a state's actual health care needs. In contrast, the arbitrary caps under Graham-Cassidy underestimate the rate of health care cost growth, leaving states in the lurch. CBO analysis shows that health care

costs for adults and children are likely to be higher than the growth rate that Graham-Cassidy uses, resulting in huge shortfalls.⁹ This bill would cut traditional Medicaid funding by \$44 billion in 2027 alone.¹⁰ If states maintain current eligibility requirements and benefits, this would force states to enroll 6.4 million fewer people in Medicaid in 2027.¹¹ Without Medicaid coverage, many people would not be able to afford private coverage and would be left without insurance.

Work Requirements Just Don't Work: Graham-Cassidy also undermines the Medicaid program by allowing states to impose work requirements. Work requirements only serve to prevent people from receiving benefits because “the vast majority of poor adults are either working, looking for work, unable to work because of illness, in school, or caring for family.”¹²

Harming Women's Health: Graham-Cassidy eliminates Medicaid funding for Planned Parenthood and any similar organizations for a year, resulting in 97,500 women losing their access to life-saving services such as cancer screenings.¹³ Steep Medicaid cuts will also harm maternity care. Medicaid pays for nearly half of all births nation-wide.¹⁴

Individual Market

23 million fewer people will enroll in the individual market by 2027

Graham-Cassidy would drive millions out of the individual market by 2027 because marketplace coverage under Graham-Cassidy would be prohibitively expensive for many Americans.

Increasing Premiums and Costs: Under the ACA, 9 million people currently receive an average of \$4,500 in tax credits per year to help them pay for insurance.¹⁵ Graham-Cassidy completely eliminates these premium tax credits starting in 2020, replacing them with block grants insufficient to meet the need. In addition, premiums in the individual market could double once the full impact of Graham-Cassidy phases in by 2027.¹⁶

Allowing Insurers to Discriminate Against People With Pre-Existing Conditions: The ACA prohibited discrimination based on pre-existing conditions. Under Graham-Cassidy, even as updated on September 24th, states can apply for waivers to allow insurers to discriminate against those with pre-existing conditions by increasing their premiums.¹⁷ Even if insurers must still provide coverage, states can allow insurers to make that coverage prohibitively expensive. For example, a 40-year-old with metastatic cancer could see a premium increase of \$142,650.¹⁸

Excluding Essential Benefits: The ACA also required insurers to offer ten guaranteed essential health benefits and prohibited lifetime and annual caps. Prior to the ACA, 75 percent of individual plans did not offer maternity care, 45 percent did not offer substance abuse treatment, and 38 percent did not offer behavioral health services.¹⁹ Thanks to the ACA's individual marketplace, more than a half a million people gained access to behavioral health care services.²⁰ Under Graham-Cassidy, states can apply for waivers to exclude coverage of ACA's guaranteed essential health benefits, and effectively re-impose lifetime and annual caps on excluded benefits. Allowing plans to opt out of covering these services seriously undermines the progress gained under the ACA.

Employer-Sponsored Insurance

Increasing Costs: Since the implementation of the ACA, the growth in total premiums and estimated out-of-pocket costs for employer-sponsored coverage fell by half compared to the previous decade.²¹ In contrast, Graham-Cassidy pushes up costs for everyone, as additional uninsured people increase uncompensated costs to hospitals that are passed along to all patients. Kicking 32 million off health care will result in an additional \$28.8 billion in uncompensated care to hospitals in 2027.²² Graham-Cassidy also takes away tax credits for small businesses to provide health insurance to their employees.²³

Removing Essential Health Benefits: Because of the ACA, people with employer-sponsored insurance are guaranteed ten essential health benefits, including maternity care and behavioral health services. Graham-Cassidy allows insurers to discriminate again and exclude essential services. In the Better Care Reconciliation Act's similar repeal of essential health benefits, CBO estimated that close to half of the population would live in states that restrict essential health benefits.²⁴

Conclusion

Republicans claim to want to lower costs and expand coverage. Yet, this bill fails to achieve either objective. Instead, Senate Republicans have proposed to take health care away from at least 32 million Americans. Those left with coverage will be paying higher prices for plans with fewer services. Those with pre-existing conditions will see their costs skyrocket and may not be able to afford coverage at all. It's well past time for Republicans to stop playing politics with the health care of millions of Americans and one-sixth of our economy and move forward with Democrats to find bipartisan solutions. We are ready when you are.

¹ <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/53126-health.pdf>

² <https://www.americanprogress.org/issues/healthcare/news/2017/09/20/439277/coverage-losses-state-graham-cassidy-bill-repeal-aca/>

³ This assumes that there is not overlap between the effects of the individual mandate and other effects of ORRA on traditional Medicaid enrollment and the effects of the per-capita caps.

⁴ <http://healthaffairs.org/blog/2017/09/14/graham-cassidy-a-closer-look-at-the-medicaid-provisions/>

⁵ <https://www.cbpp.org/research/health/cassidy-graham-plans-damaging-cuts-to-health-care-funding-would-grow-dramatically-in>

⁶ *Ibid.*

⁷ <http://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>

⁸ <https://www.hcp.med.harvard.edu/sites/default/files/Interpretation%20of%20Tables%20SMI-SUD%20162016%20v2.pdf>

⁹ <https://www.cbo.gov/publication/52849>

¹⁰ <https://www.cbpp.org/research/health/cassidy-graham-plans-damaging-cuts-to-health-care-funding-would-grow-dramatically-in>

¹¹ JEC calculations based on the Center on Budget and Policy Priorities, MACPAC, and the Congressional Budget Office. Calculation assumes no overlap with the effects of ORRA such as the repeal of the individual mandate.

¹² <http://healthaffairs.org/blog/2017/09/14/graham-cassidy-a-closer-look-at-the-medicaid-provisions/>

¹³ https://www.jec.senate.gov/public/_cache/files/25bd4b00-19af-4a97-aaa3-0487b7719697/june-28-bcra-charts-packet.pdf

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- ¹⁴ <http://khn.org/news/nearly-half-of-u-s-births-are-covered-by-medicaid-study-finds/>
- ¹⁵ <https://www.jec.senate.gov/public/index.cfm/democrats/blog?ID=DD534460-A297-4A07-805F-6BC4506CEBFE>
- ¹⁶ <https://www.jec.senate.gov/public/cache/files/595d2c61-07a7-47e7-a083-ff92cc203215/what-happens-in-2027.pdf>
- ¹⁷ <http://healthaffairs.org/blog/2017/09/25/new-graham-cassidy-draft-states-with-hold-out-gop-senators-favored-potential-higher-costs-remain-for-those-with-preexisting-conditions/>
- ¹⁸ <https://www.americanprogress.org/issues/healthcare/news/2017/09/18/439091/graham-cassidy-aca-repeal-bill-cause-huge-premium-increases-people-pre-existing-conditions/>
- ¹⁹ <http://www.kff.org/health-reform/press-release/analysis-before-aca-benefits-rules-care-for-maternity-mental-health-substance-abuse-most-often-uncovered-by-non-group-health-plans/>
<https://www.cbpp.org/research/health/like-other-aca-repeal-bills-cassidy-graham-plan-would-add-millions-to-uninsured>
- ²⁰ <https://www.hcp.med.harvard.edu/sites/default/files/Interpretation%20of%20Tables%20SMI-SUD%20162016%20v2.pdf>
- ²¹ https://obamawhitehouse.archives.gov/sites/default/files/docs/chapter_4-reforming_health_care_system_2017.pdf
- ²² <https://www.jec.senate.gov/public/cache/files/595d2c61-07a7-47e7-a083-ff92cc203215/what-happens-in-2027.pdf>
- ²³ <https://www.cassidy.senate.gov/imo/media/doc/Section%20by%20Section%20Final.pdf>
- ²⁴ <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/52849-hr1628senate.pdf>