

Update on Federal Actions Related to Health Care

Joint Subcommittee for HHR Oversight

Susan Massart and Michael Tweedy

Staff for House Appropriations and Senate Finance Committees

August 21, 2017



Summary of House Action: American Health Care Act

- *House of Representatives passed their bill on May 4th*
- *Medicaid Per Enrollee Spending Cap*
 - Based on 2016 spending beginning in 2020 with future growth based on Medical CPI (plus one percent for elderly and disabled groups) with Medicaid Expansion funding phased out by 2020
- *Health Insurance Coverage*
 - The bill eliminated the individual mandate, eliminated the cost-sharing subsidies of the Affordable Care Act and replaced them with an age-adjusted refundable tax credit to assist in purchasing health insurance, provided funding to states to promote stability of insurance markets, and loosens the age-rating for health insurance from 3:1 to 5:1.



Summary of Senate Actions

- *Senate released draft of Better Care Reconciliation Act on June 22nd, amended on July 13th, July 20th, and July 25th*
- The final version of the bill created a Medicaid per capita enrollee limit to take effect in 2020 based on 8 quarters of expenditures inflated by Medical CPI through 2024; and CPI thereafter. Medicaid Expansion phased out by 2024.
- For health insurance, the bill eliminated the mandates; eliminated cost sharing subsidies in 2020 and modified the premium tax credits in 2020.
- *July 26th Vote-O-Rama*
 - Included a “Repeal Only” bill, single payer amendment, and ultimately culminated in the failure of the Health Care Freedom Act (skinny bill) to pass on a vote of 49-51 on July 27th



Will Congress try again in September?

- Senator Lamar Alexander has stated the Senate Health, Education, Labor and Pensions Committee will have hearings the first week of September on stabilizing the individual market
- Senator Orrin Hatch has indicated the Senate Finance Committee will have a hearing on health care in September and a separate hearing on the Children's Health Insurance Program
- Senator Bill Cassidy has been working with Senators Lindsey Graham and Dean Keller to block grant ACA funding to the states and repeal the individual and employer mandates



Congress has Major Issues to Deal with for the remainder of 2017...

- Increase in the Debt Ceiling
 - U.S. Treasury expected to have resources to pay all expenses through end of September

- FY 2018 Appropriation Bills
 - Likely a continuing resolution through the end of 2017

- Children's Health Insurance Program Reauthorization
 - Expires September 30, 2017



Disproportionate Share Hospital (DSH) Reduction is Coming...

- Every state receives an annual DSH allotment
- DSH is used to offset the costs for treating the uninsured and to address the shortfall in Medicaid reimbursement
- The Affordable Care Act included DSH reductions to reflect the reduction in uninsured patients
 - The reductions have been delayed several times
- The Centers for Medicare and Medicaid Services released a proposed rule July 28th to implement the first \$2 billion reduction on October 1, 2017
- Virginia's reduction is projected to be 11.5% (\$11.0 million)