



**CWDA**

Advancing Human Services  
for the Welfare of *All* Californians

# Federal Update

## House Passes Health Bill

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**TO:** County Welfare Directors Association

**FROM:** Tom Joseph, Director, CWDA Washington, D.C. Office

**DATE:** May 9, 2017

**RE:** Federal Update

**House Adopts *American Health Care Act (HR 1628)*:** By a vote of 217-213, the House passed a bill making sweeping changes to Medicaid and many other initiatives and policies fundamental to the *Affordable Care Act (ACA)*. Despite intense advocacy by CWDA members, and many other stakeholders across the state, the delegation voted along party lines. Most health associations opposed the measure as well, including the American Hospital Association, the American Medical Association, and the American Academy of Pediatrics.

The latest iteration of the bill contained three new amendments, none of which have been analyzed by the non-partisan Congressional Budget Office (CBO). The CBO estimated the previous version of the overall measure would cut Medicaid by 25 percent in ten years and end coverage of 24 million individuals. CBO also estimated that there would be 17 percent fewer individuals qualifying for Medicaid, compared to current law under the ACA.

- States could allow health insurance plans to offer products that do not contain all of the ten essential health benefits required of ACA plans. Those benefits include maternity care, substance use and mental health treatment, and prescription drugs. Individuals could purchase inexpensive bare-bones plans and hope that they do not need care not covered in the plan.
- States could allow insurance plans in their states to charge higher premiums for persons with chronic and costly conditions such as cancer. HHS would have 60 days to deny the waiver. Similar to the provision no longer assessing a tax for persons

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not buying health insurance but still ‘mandating’ coverage, this provision would continue to ‘prohibit’ insurance plans from denying a person based on their pre-existing condition. The price of coverage, though, could indeed become prohibitively expensive.

- Responding to the concern that persons with pre-existing conditions would no longer be able to afford coverage, the third amendment added \$8 billion over five years to fund high-risk pools to help pay for the sickest individuals. This funding was added to the \$115 billion in state grants to create health innovations. Independent health economists assert that the fund is woefully inadequate and risk pools have failed consistently.

Before the new bill went to the floor, CWDA drafted and sent a letter (attached) to the entire California congressional delegation on behalf of CSAC and a number of other California county associations reiterating its opposition to the bill. CWDA also worked with individual counties to target responses to California Republicans who had indicated before the vote that they were undecided. CWDA staff also reached out to staff of targeted Republican members to ensure that they had the most recent analysis from the Association.

In addition to the most recent amendments, the underlying AHCA would:

- end the enhanced 95% federal match for the 31 Medicaid expansion states on January 1, 2020;
- place a per capita cap on federal Medicaid spending on October 1, 2019;
  - rates would be set for each state, given their per-person spending on different groups of Medicaid beneficiaries, including women and children, persons with disabilities and those in long term care.
  - those spending rates would be allowed to grow with inflation, although not as fast as what medical costs are anticipated to grow.
  - the cap would not account for the costs of new costly drugs or treatment.
  - the cap would also lock states with lower provider payment rates and/or aggressive use of managed care into a low per-capita payment compared to other states still operating under a fee for service model
- give states the option to choose a Medicaid block grant providing more flexibility in administering the program;
- make a number of administrative changes to Medicaid to make it more difficult to maintain coverage, (e.g., re-determine eligibility for Medicaid expansion enrollees every six months);
- eliminate the enhanced six percentage point increase in the normal federal match California has used under the Community First Choice Option to provide supportive services in the home;
- give states the option to require work or other activities to receive Medicaid benefits, fashioned along the terms under TANF; and,

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- repeal the Prevention and Public Health Fund used by the state and local public health departments to reduce infectious disease and respond to other public health issues.

**Senate Action:** Action now moves to the Senate. With only 52 Republicans, Senate GOP leaders cannot afford to lose more than two Senators in order to pass an ACA repeal bill. Consequently, they have announced that they will be much more deliberate in drafting a bill and the bill may differ greatly from the House-passed measure. It is also uncertain at this point whether the upper chamber will be able to find a path to create a bill that would pass on the floor.

Over the past few months a number of Republican Senators have expressed concerns about the House bill. Those statements have included concerns about the end of Medicaid expansion funds by Sens. Cotton (AR) Gardner (CO) Heller (NV) Portman (OH), and Capito (WV); the defunding of Planned Parenthood and the changes to pre-existing conditions (Sens. Murkowski (AK), Collins (ME)); other general concerns (Sen. Cassidy (LA)); and opposition to the House-passed AHCA because it did not go far enough in dismantling the Affordable Care Act (Sens. Paul (KY) and Lee (UT)). The concerns of the members above indicate that there will need to be a number of compromises. It does not, however, indicate that members would object to significant changes to Medicaid. Some have indicated that they want 'modifications' to the House approach.

Majority Leader Mitch McConnell announced last week that he appointed a 12-member group of moderate and conservative Republican Senators to draft a Senate bill. Notably, none on the group are among the 21 women serving currently. Senators Feinstein (D-CA) and Collins (R-ME) were especially vocal that none of the five Republican women Senators were appointed. Of the 12, three Senators are from county-administered states where the state chose to expand Medicaid (CO, OH and PA).

Due to the Senate rules, some of the provisions in the House bill may not be germane in a 51-vote reconciliation vehicle, including the changes in policies on pre-existing conditions and essential health benefits. If those provisions are dropped due to a decision of the parliamentarian, the razor-thin House vote would be in jeopardy once the bill was negotiated after the Senate passed its bill.

**Family First Prevention and Services Act (FFPSA):** There may be an effort on the Senate side to consider the FFPSA later this year. The House introduced a placeholder bill (HR 253) at the beginning of the session, but staff indicated that the Senate would have to move first.

The bill intended to make a number of positive reforms to foster care, including providing a IV-E foster care entitlement to states for a limited set of prevention services and changes to congregate care settings. Those reforms, however, had a number of unintended

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consequences in the prevention section and would place barriers and extra mandates on California's Continuum of Care Reforms.

Frank Mecca, Will Lightbourne, Genie Chough from Los Angeles County DCFS and a number of child advocates met with Representative Bass (D-Los Angeles) on April 17 to brief her on the bill. Rep. Bass was an early supporter of the FFPSA and Democrats look to her on foster care issues. The meeting lasted 90 minutes and Rep. Bass suggested that California prepare amendments to the bill, and draft the best bill possible.

Later this week, CWDA will meet with staff to Senators Feinstein and Harris to update them on the potential Senate action. CWDA will also join the Los Angeles County Washington, DC advocates in a meeting with staff to Senator Burr (R-NC) who was one of the key Republicans expressing opposition to last year's measure.

**Federal Budget:** President Trump signed a bill into law extending current Federal Fiscal Year (FFY) 2017 funding through the end of the FFY. No cuts were made to domestic programs.

The FFY 2018 budget and appropriations process is now underway. The Trump administration will be submitting budget proposals later this month. There is rumored to be a very large cut proposed for entitlements and domestic discretionary funding may be proposed for cuts of nearly 18 percent for HHS.

Earlier, the Trump administration targeted for elimination the \$715 million Community Services Block Grant and the \$3.1 billion Low Income Home Energy Assistance Program. The Trump budget asserts that the two programs have not demonstrated strong outcomes. Also likely targeted for elimination in the fuller proposal later this month is the Social Services Block Grant.

CWDA will provide an analysis of the Trump administration's proposals once they are sent to Congress.