



# FEDERAL ISSUES ALERT:

## HEALTH CARE

On March 6, the House of Representatives introduced the *American Health Care Act*. This legislation would repeal portions of the *Affordable Care Act* (ACA). This legislation would cut funding to state Medicaid programs, allow premiums to greatly increase for the elderly, and would free employers from having any obligation to provide health insurance.

The House Energy and Commerce Committee and the House Ways and Means Committee began meeting on March 8 to consider this legislation. It is expected that a final vote will be taken by the House during the week of March 20.

The proposed legislation would:

### **Maintain the following features of the ACA**

- Elimination of the Medicare donut hole; no Medicare co-pays for preventive services.
- Coverage of adult children up to age 26 under a parent's health plan.
- Prohibition on lifetime and annual limits.
- Prohibiting insurance companies from denying coverage for pre-existing conditions.

### **Eliminate Taxes on High Earners**

- Ends the ACA's 3.8% tax increase on unearned income
- Ends the ACA's taxes on health insurance, drug and medical device corporations
- End the increase in the Medicare tax on those earning \$200,000 (\$250,000 couples).
- Repealing these taxes will decrease federal revenue by \$500 billion over ten years.

## **Maintain the Cadillac Tax**

This legislation maintains the so-called "Cadillac tax" on high cost health plans, including many of those that CSEA members participate in, but it delays implementation until 2025.

## **Repeal the Individual and Employer Mandates**

This legislation would repeal the ACA's requirement that individuals obtain health insurance and that employers provide coverage to their workers.

## **Reinstate Disproportionate Share Payments**

This legislation eliminates scheduled cuts in Medicaid disproportionate share hospital (DSH) payments. Unfortunately, these payments will not offset the cuts made to Medicaid in New York.

## **Lower Tax Credits for Health Insurance**

- This proposal would repeal the ACA's tax credits and replace them with smaller ones.
- Tax credits would be based on age and would range from \$2,000 for those under age 30 to \$4,000 for people over 60.
- Affordability will be a special challenge for older individuals, as insurers are allowed to charge them five times as much as younger individuals.

## **Fundamentally Change Medicaid Funding to State**

*Phase out the Medicaid Expansion* - The Affordable Care Act allowed states to expand Medicaid coverage to all individuals at or below 138% of the poverty level. This legislation would phase out this program, which would shift \$253 billion in costs to states over the next 10 years.

*Cut Medicaid Payments to States* - Under the proposed plan, Medicaid allotments would be capped based on the program's per-capita enrollment in that state. Currently, Medicaid has an open-ended funding structure based on matching whatever a state spends. This change would shift an estimated \$116 billion in costs to states.

**CSEA strongly opposes the proposed changes to the Medicaid program.**

Medicaid funding affects all public employees (and many private sector employees) in New York State and the loss of funding would have a negative effect on hundreds of thousands of CSEA members.

According to the state Department of Health, the proposed changes would cost New York a minimum of \$2.4 billion annually starting in 2020. Counties will face a loss of \$178 million in revenue annually starting in the same year.

This funding cut will force the state and local governments to raise taxes, cut services, and layoff workers. This will affect not only health care workers but all government employees since the state and local governments will have to make up the funding shortfalls.