



## **The American Health Care Act (AHCA): *Implications for Florida's Medicaid Program***

**Background:** The GOP's proposal to repeal and replace the Affordable Care Act (ACA) also includes major reductions in federal Medicaid funding and a fundamental restructuring of the program. Further, in a departure from legislative process, the bill was rushed through relevant House committees without input from experts, public hearings, or consideration of the Congressional Budget Office (CBO) analysis (which came out after the committee votes).

**Florida Medicaid:** The program currently covers over 4.3 million Floridians, including 3 of 5 people in nursing homes, 2 of 5 people with disabilities, and (along with KidCare) almost half of Florida's children;<sup>1</sup> and it is the largest source of federal dollars (54%) flowing into the state<sup>2</sup>. Currently, the federal government guarantees payment for 61% of the program's costs. Thus, when more people qualify for the program during economic downturns, or when the state faces increased costs due to unforeseen natural or medical "disasters" (e.g. hurricanes, Zika outbreak) or if a life saving drug comes onto the market (e.g. Hepatitis C cure), federal funding has been available to match the state's increased costs.

**Per Capita Cap:** *AHCA eliminates the guarantee of federal matching dollars for the state's health care costs.* Instead, federal reimbursements would be limited to an amount based on the state's 2016 average expenditure per enrollee in each eligibility group, (e.g. children, aged, disabled), along with a growth rate set significantly below Florida's expenditure growth rate for the aged and disabled populations. Moreover, under a per capita cap, the rate could be lowered even further at any time to achieve desired federal budget goals. Again, this is a radical departure from the federal commitment to fund 60% of eligible Medicaid costs.

Changing to capped funding is particularly problematic for two reasons. First, Florida would be LOCKED into its 2016 per capita spending, which is among the lowest in the country (i.e.. last in per capita spending for children and 46th out of 47 states surveyed in overall spending)<sup>3</sup>. Thus, the state would be unable to increase provider payments unless we paid 100% of the increased cost. Second, being locked into our current per capita rates is especially alarming because the state's growth trend for the elderly and disabled--the two most expensive groups of eligible beneficiaries--is rising by a much higher rate than the national average; i.e, about 35% over 10 years (as compared to 17% nationally).<sup>4</sup> Given that health care costs for an 85-year-old are generally more than for a 65-year old, the composition of Florida's elderly is likely to get more expensive putting the state budget at great risk if these growth trends continue.

**"Flexibility" = Rationing:** While proponents of AHCA tout new state flexibility, the tremendous reduction in federal Medicaid funding means that state "flexibility" will simply be deciding how to ration care and services. For example, if a new drug is developed for Alzheimer's, federal dollars will not be available to help pay for the increased cost--dollars which were available when Florida began covering the new Hepatitis C drugs. Thus, either elderly Floridians with Alzheimer's will not be able to get the new treatment; or, if they do, the cost of the drug will come at the expense of other beneficiaries and services, e.g children's health care screenings and/or therapies for children with special needs.

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<sup>1</sup> [Kaiser Family Foundation, Florida Medicaid Fact Sheet \(January 2017\)](#)

<sup>2</sup> ["Changes in Health Care Policy: How Could Florida be Affected?" Georgetown University CCF \(March 7, 2017\)](#)

<sup>3</sup> "Medicaid Enrollment by State, Eligibility Group, and Dually Eligible Status, FY 2013, MACPAC, MACSTATS (2016)

<sup>4</sup> ["Changes in Health Care Policy: How Could Florida be Affected?" Georgetown University CCF \(March 7, 2017\)](#)