



## **The American Health Care Act: *Implications for Florida***

**Background:** On May 24, the nonpartisan Congressional Budget Office (CBO) released its cost estimate of the American Health Care Act (“AHCA” or “the Plan”) which narrowly passed the House on May 4. The CBO report concluded that Medicaid funding would be reduced and future funding would be capped. This, along with other provisions, would result in an increase in the number uninsured.

**What is the estimated loss of Florida's federal Medicaid funding?** The Plan, now being considered by the Senate, includes a per capita cap on Medicaid spending. This fundamental change eliminates the guarantee that the federal government will pay 61% of health care costs for Floridians on Medicaid. Under AHCA, federal dollars will be capped based on Florida's prior average expenditures. Florida is gravely disadvantaged as it ranks 48th in average enrollee spending.<sup>1</sup> Data show that the federal investments under a proposed cap would grow more slowly than the actual cost of services for Florida's Medicaid beneficiaries resulting in a **10 year loss of approximately \$ 7 billion in federal dollars.**<sup>2</sup>

**What are the risks to Florida's children?** 2.4 million children rely on Medicaid, including 45 % of children with disabilities.<sup>3</sup> Currently, children are eligible for coverage of all medically necessary services and the federal government pays 61 % of the costs. Under the AHCA's Medicaid caps, sufficient funding would not be available to cover the costs of children's health care needs over time--particularly children with disabilities.

**What are the risks to disabled Floridians?** The Plan particularly threatens approximately 100,000 severely disabled Floridians who rely on home and community based services (HCBS) in order to avoid institutionalization and remain in their own homes. Unlike most Medicaid services required by law, HCBS services are optional. Thus, when capped funding becomes insufficient to cover costs, optional services, like HCBS, are especially vulnerable to being reduced or even eliminated.<sup>4</sup>

**What are the risks to elderly Floridians?** Being locked into Florida's low per capita rate for the elderly is also alarming because the state's growth rate for this group is among the fastest in the country. This rapid growth rate, coupled with the composition of our “aging” elderly, puts Florida at risk because the costs of care increase as people age.<sup>5</sup>

**What are the risks to state and local budgets?** The state would be forced to cover more of the costs of health care --or cut back services or reimbursement rates. This would also have a ripple effect by forcing possible cuts in other state-funded services for families, such as education. And if the state (or county) cannot cover the costs, Florida's children, elderly and disabled will go without needed care.

**What are the risks for Floridians in the Marketplace?** Approximately **1.5 million residents are at risk of losing coverage.** These low and moderate income individuals currently receive tax credits to purchase insurance. In addition to changes that could undermine pre-existing condition protections, the Plan's elimination of income based tax credits and cost-sharing subsidies would make their coverage unaffordable.<sup>6</sup>

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<sup>1</sup> <http://www.statenetwork.org/wp-content/uploads/2017/04/FL-Fact-Sheet-revised-4.4.17-1.pdf>

<sup>2</sup> <http://www.cbpp.org/sites/default/files/atoms/files/3-22-17health-factsheets-fl.pdf>

<sup>3</sup> <http://ccf.georgetown.edu/wp-content/uploads/2017/02/Florida-Medicaid-CHIP-new-v2.pdf>

<sup>4</sup> <http://www.cbpp.org/research/health/medicaid-cuts-in-house-aca-repeal-bill-would-limit-availability-of-home-and>

<sup>5</sup> [“Data Points to Consider When Assessing Proposals to Cap Federal Medicaid Funding: A Toolkit for States,” RWJF \(Feb. 13, 2017\).](http://www.cbpp.org/research/health/medicaid-cuts-in-house-aca-repeal-bill-would-limit-availability-of-home-and)

<sup>6</sup>

<http://kff.org/health-reform/state-indicator/2017-marketplace-plan-selections-by-financial-assistance-status/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

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