



# POLICY UPDATE



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Desk (RLS Committee)	Policy (Committee)	Fiscal (Appropriations)	Floor (Vote)	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Governor's Desk	Chaptered
1st House				2nd House							

The Trump administration will bring significant change to health care. Although much is uncertain, we know that dramatic rollbacks in health care and coverage are at the top of the presidential agenda. The President-elect has pledged to repeal many of the Affordable Care Act elements, move toward making Medicaid Block grants a preferred funding mechanism and cut Medicaid and Medicare.

**Donald Trump Health Care Plan**

Includes pieces of Congressman Price's legislation and Speaker Ryan's "A Better Way" roadmap

- Repeal and replace the ACA
- Eliminate the individual mandate. The individual mandate requires every person to acquire health insurance coverage or pay a penalty.
- Pre-empt state patient protections by allowing out-of-state vendors to sell across state lines and avoid California's strong consumer protections.
- Allow individuals to fully deduct health insurance premium payments from their tax returns under the current tax year. This means consumers will not get financial assistance at the time of purchasing, but will upfront the full premium and get a tax credit. The nearly \$5 billion in financial assistance and subsidies to California families is targeted for repeal.
- Allow individuals to use Health Savings Accounts
- Allow individuals the ability to shop in order to find the best prices for procedures, exams, or any other medically related procedure.
- Block grant Medicaid to states.
- Allow consumers access to imported, safe and dependable drugs from overseas.
- Work with states to establish high risk pools to ensure access to coverage for individuals who have not maintained continuous coverage.
- Maintain the provision that forbids insurers the ability to deny coverage to people with preexisting conditions.
- Continuing letting young adults stay on their parents' insurance plan until the age of 26.
- Defund Planned Parenthood.

**Speaker Paul Ryan's "Better Way" Proposal**

Introduced in 2009 and again in 2016

- Undo Medicaid's matching guarantee to states and cap the money going to the states.
- States will have to choose between taking Medicaid funds either as a block grant or a per-capita cap, neither of which provides sufficient funding to cover California's ongoing needs.
- Repeal Medicaid Expansion under ACA, which provides \$16 billion to California in the 2016-2017 budget year. This repeal will eliminate coverage to 3.5 million Californians and 232,000 people in Orange County (30% of the current CalOptima Members).
- Refundable tax credits which mean consumers would pay premiums first and then get tax refunds later, requiring consumers to front premiums.
- Privatize Medicare into a "premium support" voucher program where Medicare beneficiaries would be given a set amount of money to help purchase (but not necessarily fully pay) private plans.
- Allow small businesses to band together to offer Association Health Plans (AHP's)
- Allows individuals to come together for the sole purpose of purchasing health care coverage through individual health pools (IHP's)
- New insurance pools prohibited from denying coverage to persons with preexisting conditions.



# POLICY UPDATE



- Allow individuals to purchase coverage across state lines and allow out-of-state health plans to sell their plans with the laws of their home state which would not require plans to offer the Essential Health Benefits as part of their plan.
- Plan includes caps on non-economic damage awards for medical liability
- End imposing lifetime limits on the coverage provided to individuals
- Allow individuals to stay on their parents plan up to age 26
- Provide \$25 billion in federal funding for High Risk Pools
- Provide a onetime open enrollment period for individuals. Additional enrollment periods will be available in the future
- Would bar federal funding to cover abortion services
- Allow states to manage their Medicaid programs by imposing a cap on federal funding
- Defunding Planned Parenthood

## PPS Rate for FQHCs

- It is not clear how FQHCs as covered providers or the PPS rate will be affected, but here are two different scenarios of what could happen:
  - It could be decided at the federal level, keeping FQHCs as covered providers and maintaining the PPS rate in the law as one of the conditions placed upon states when given a block grant; or
  - States could be given complete freedom to determine covered providers and set rates, including PPS.

## Understanding Block Grants and Per Capita Caps

Grants and Caps are intended to reduce federal Medicaid spending by shifting the responsibility of how to deliver care and how to spend money to the state.

- Block Grant  
Under a block grant, each state would be given a pot of money to use for its program, and would make decisions on how to do that, based on the amount allotted. The key federal issues would be how the amount is calculated for a state, e.g., historical spending, and population, and what conditions might be placed on funding. Block grants are seen as ending Medicaid as an entitlement program.
- Per Capita Cap  
Under a per capita cap scenario, funds would be shifted to the state as an amount per beneficiary, and anything spent over the amount would be the state's responsibility. The per capita amount could be calculated as a single, equal amount per person, or there could be categories, such as children, adults, people with disabilities, and seniors. Under a per capita cap, federal funding would increase if enrollment in a state increases. It is not clear whether a per capita cap would require state funds to "draw down" the federal share.

## Sources

**California Health + Advocates**  
<http://capca.nationbuilder.com>

**Health Access**  
<http://www.health-access.org/>

**A Better Way Roadmap**  
<http://abetterway.speaker.gov/assets/pdf/ABetterWay-HealthCare-PolicyPaper.pdf>

**Empowering Patients First Act**  
<http://tomprice.house.gov/sites/tomprice.house.gov/files/HR%202300%20Empowering%20Patients%20First%20Act%202015.pdf>