

## FACT SHEET

September 11, 2017

### The Graham-Cassidy Proposal to Repeal the ACA

#### Even Bigger Federal Health Cuts, Especially for California

Republican Senators Lindsey Graham, Bill Cassidy, and Dean Heller are making a last-ditch effort to repeal the Affordable Care Act (ACA) before the budget reconciliation process expires on September 30, 2017. The Graham-Cassidy proposal will end funding for ACA's financial assistance for consumers and Medicaid expansion while also making devastating cuts to the overall Medicaid program. In addition, the proposal will allow states to waive important consumer protections and essential health benefits, undermine and eliminate protections for people with pre-existing conditions, and defund Planned Parenthood.

California stands to lose \$35 billion per year, even more than under previous ACA repeal proposals,<sup>1</sup> because Graham-Cassidy deliberately shifts resources from large, densely-populated states that embraced and implemented the ACA, to smaller, more sparsely-populated states that did not. States like California, New York, Maryland, and Massachusetts that were successful in enrolling millions of people in the marketplace and on Medicaid would face disproportionately larger cuts—intentionally and explicitly.

*"These are the four states in order of how well they do [under the ACA]: Massachusetts, California, New York, and then Maryland... What you can do is redistribute this money that has been heaped upon these four ultra-blue, very wealthy states..."*

*If California simply wants to expand Medicaid with this money, good luck. They're going to have to cut their program dramatically because they don't have the money with what they're funding now."*

- An author of Graham-Cassidy, former Senator Rick Santorum, [Breitbart News, August 22, 2017](#)

#### Elimination of ACA Marketplace Subsidies and Medicaid Expansion Funding

The primary difference between Graham-Cassidy and other ACA repeal proposals is that it would replace funding for premium tax credits, cost-sharing reduction payments, and Medicaid expansion with insufficient block grants. Federal resources would be redistributed to states based on criteria that is unrelated to actual coverage and spending needs and in ways that favor Republican states. Between 2020 and 2026, Graham-Cassidy's block grants will shrink annually compared to current spending. California would ultimately receive half (50%) of what it would otherwise receive for existing marketplace subsidies and Medicaid expansion.<sup>2</sup> After 2026, the block grants would be completely eliminated, leaving no federal funding for California and other states' marketplaces subsidies and Medicaid expansions.

Graham-Cassidy directly threatens coverage for the 14.1 million Californians who get coverage through Medi-Cal—including the over 4 million of who receive coverage through the expansion—and the 2.3 million who buy coverage in the individual market (1.5 million of whom are in Covered California). The proposal would ultimately eliminate all federal funding available under the ACA, including the Medicaid expansion and the federal tax subsidies worth \$5-6 billion annually to 1.2 consumers in Covered California. In the Medi-Cal program alone, California will face a total cumulative cut of \$114.6 billion between 2020 and 2017.<sup>3</sup>

## FACT SHEET: Graham-Cassidy Proposal

### Restructuring Medicaid Funding & Coverage for Seniors, Children, Adults, & People with Disabilities

The Graham-Cassidy proposal fully incorporates the original Republican Senate proposal, Better Care Reconciliation Act (BCRA), which radically restructures Medicaid funding. Like the earlier BCRA, Graham-Cassidy would cap and cut Medicaid funding for seniors, children, adults and people with disabilities, resulting in an additional \$180 billion in Medicaid cuts over the next ten years.<sup>4</sup> The CBO estimates Medicaid would be cut by over a quarter (26%) by 2026 and over a third (35%) by 2036.<sup>5</sup> Currently, the federal government matches every dollar that California spends on Medi-Cal. The per capita caps proposal would undo this federal guarantee and shift the responsibility for 100% of the costs above the per-beneficiary cap back to the state. On top of the 26% cut, the per capita caps would cost California another \$11.3 billion in 2027.<sup>6</sup> It would also not account or adjust for increasing health care costs, an aging population, or other public health emergencies.

In order to make up for the cuts of this magnitude, California would need to eliminate all state funding for higher education, state parks, and corrections systems--combined. Making the cuts solely on the health care side would require cutting eligibility by as much as a third, eliminating benefits such as In-Home Supportive Services, or reducing already inadequate provider rates.

### Graham-Cassidy: Devastating to California's Health Care System and State Budget

In California, the structural impacts of eliminating marketplace subsidies and Medicaid expansion funding, as well as changing Medicaid federal funding into a per capita caps, would result in a federal spending cut of over \$35 billion/year by 2026.<sup>7</sup> While the Graham-Cassidy proposal has been portrayed as a "compromise" between various Republican factions, it will have an even more devastating consequence than the Republican House's "American Health Care Act" and the Senate's "Better Reconciliation Act." The Graham-Cassidy proposal would result in at least 5 million Californians losing coverage, undermine key protections for those with pre-existing conditions, and force consumers to pay more for their health care while getting less coverage.

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<sup>1</sup> Center on Budget and Policy Priorities, Matt Broaddus and Edwin Park, [Cassidy-Graham Would Deeply Cut and Drastically Redistribute Health Coverage Funding Among States](#), August 24, 2017.

<sup>2</sup> Ibid.

<sup>3</sup> CA DHCS and DOF, [Summary and Preliminary Fiscal Analysis of the Medicaid Provisions in the Better Care Reconciliation Act](#), June 27, 2017.

<sup>4</sup> Congressional Budget Office, H.R. 1628 Better Care Reconciliation Act of 2017 Cost Estimate, June 26, 2017.

<sup>5</sup> Ibid.

<sup>6</sup> CA DHCS and DOF, [Summary and Preliminary Fiscal Analysis of the Medicaid Provisions in the Better Care Reconciliation Act](#), June 27, 2017.

<sup>7</sup> Center on Budget and Policy Priorities, Matt Broaddus and Edwin Park, [Cassidy-Graham Would Deeply Cut and Drastically Redistribute Health Coverage Funding Among States](#), August 24, 2017.

In Textbox: Breitbart News, by Matthew Boyle and Sean Moran, ["Exclusive: Rick Santorum Crafting Different Obamacare Repeal Plan With Lawmakers: 'It Will Pass Through the House and the Senate.'" August 22, 2017.](#)