



American Health Care Act Sparks Controversy

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The American Health Care Act (AHCA), which has the objective of repealing and replacing major parts of the Affordable Care Act (ACA or Obamacare), passed the U.S. House of Representatives on May 4, 2017, by a razor thin margin—217 in favor, 213 against. Not many stakeholders like the House’s plan – physicians, hospitals, patient advocacy groups and AARP are among those opposing it. The Congressional Budget Office (CBO) estimates that the proposed changes would result in 24 million more people without health insurance a decade after a bill like this is passed.

The AHCA is now being considered by the Senate, where the Republican leadership created an all-male, 13-member working group to draft what will likely be a significantly different version of the bill.

Major Issues

The repeal and replace effort has several issues. First, are philosophical differences on the government’s role in health care coverage for its citizens. Second, there is also the concern that American citizens have access to health care. Healthy citizens are better for the economy; high health costs are bad for it. People with chronic illnesses should have access to care and services, but the system can be subject to fraud. Third, there’s the issue of budget predictability for the states and the federal government.

The House bill could profoundly affect state Medicaid programs and eligible individuals. The biggest change would be in the way that Medicaid services and programs are funded. When Medicaid was established, the law provided that participating states would decide which services they would offer, and whether the services would be mandatory or optional. Mandatory programs are Medicaid-funded services that state residents would receive as long as they meet applicable medical and financial criteria. The most common example of a mandatory service is nursing home care. For states with rapidly growing populations of elders and individuals with disabilities, the result has been unpredictable Medicaid costs each year.

Currently, the cost of Medicaid is shared between states and the federal government, using a federal-matching formula which requires the federal government to pay more to the state when more people qualify for mandatory services. The House bill would, instead, have the federal government give the states a set amount of money – either in a lump sum, or per

eligible person. The lump sum option is known as a “block grant,” and the limit on the amount spent on a Medicaid eligible individual is known as a “per capita cap.” In either case, this would essentially place the states in the position of rationing Medicaid.

The bill also gives states the option of not requiring insurers to provide ACA’s list of “essential services” and of creating “high risk” insurance pools instead of covering pre-existing conditions.

In addition, the AHCA eliminates tax penalties for people who choose not to buy health insurance. Instead, individuals and families would receive tax credits for purchasing coverage, and the amount of the tax credit would depend on the purchaser’s age. People between the ages of 50-64 would be subject to “age-rating,” permitting insurance companies to charge individuals premiums up to five times the amount that younger persons would pay for comparable coverage. There would be family tax credits, too, with amounts tied to income.

Affordability and coverage for pre-existing conditions are the most significant issues affecting people with disabilities. The possibility of Medicaid cuts alongside weakened requirements for insurers could spell disaster for some families.

Senate Concerns

The Senate, on the other hand, is sensitive to the fact that governors are worried about too many residents losing Medicaid coverage and the added costs to their state budgets. There has also been an outcry against eliminating coverage for pre-existing conditions.

Because of their slim majority (52-48), Senate Republicans can only lose two votes unless they pick up one or more Democrats. No promises are being made regarding when a bill will be ready for consideration by the full Senate. Once passed, it would go to conference committee, where differences between the House and Senate versions would be ironed out before being voted on, once more, by each house of Congress.

The Special Needs Alliance is working with other advocacy organizations to protect the interests of people with disabilities. Watch our website for further developments.

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