

The American Health Care Act: What Does It Mean for Arizona?

The **American Health Care Act** will strip affordable coverage from Arizonans, increase premiums and out of pocket costs (especially for older adults), and leave Arizona with the bill for any unexpected cost increases.

Cuts Medicaid dramatically:

Currently, **Medicaid provides coverage to 1.9 million Arizonans including 775,000 children.** Arizona's Medicaid expansion has a trigger that ends the expansion if federal funding goes below an 80% match threshold.

The proposed bill changes Medicaid by:

- Phasing out the additional federal funding that has helped Arizona cover 400,000 low-income adults.
- Rolling back funding, as well as the requirement, to cover school-aged children in Medicaid expansion by 2020, currently approximately 78,000 children are in the Medicaid expansion category in Arizona.
- Turning Medicaid into a per capita cap program by 2020, by locking in 2016 spending, adjusting for Medical CPI, and rolling it up into one federal dollar cap per enrollee.
- Requiring states to re-determine eligibility every 6 months (rather than once per year) starting October 1, 2017.
- Restoring pre-ACA funding to hospitals for uncompensated care after 2020 (these funds were cut in ACA to reflect a lower need for payments to hospitals because more Americans became insured).
- Establishing a monetary penalty for individuals knowingly enrolled in expansion group without meeting the income threshold. AHCCCS has a 1.1% eligibility error rate (*Arizona Auditor General, 2012*).

Other impacts to Arizona's children:

- Elimination of the Prevention and Public Health Fund (PPHF) by September 30, 2018.
- Eliminates approximately \$9.3 million dollars per year to Arizona in public health programs.
- Programs the PPHF supports include: childhood immunizations, infectious disease control, childhood lead poisoning prevention, and prevention of chronic disease, such as obesity and diabetes.

Punishes efficient and innovative states like Arizona:

- Arizona has lower Medicaid spending per full benefit enrollee than other states (\$5,821 versus a national average of \$7,766. (*MACPAC, MACSTATS, 2013 spending*))
- AHCCCS uses a private-public partnership (managed care) model.
- Has one of the lowest costs in the nation for elderly enrollees through the expanded use of community-based long-term services and supports. (*MACPAC, MACSTATS, 2013*)

Arizona's Medicaid program will lose flexibility:

- Arizona has fewer options in responding to the upcoming cuts than other states who have not implemented cost saving measures.
- A Medicaid cap will lock Arizona in at fixed funding and decrease flexibility to respond to innovations in health care, or public health crises such as Zika or the opioid epidemic, or changing demographics. For example, Arizona's population growth rate of low-income elderly is almost three times the national average (39% vs. 14%, *American Community Survey 2006-2015*).

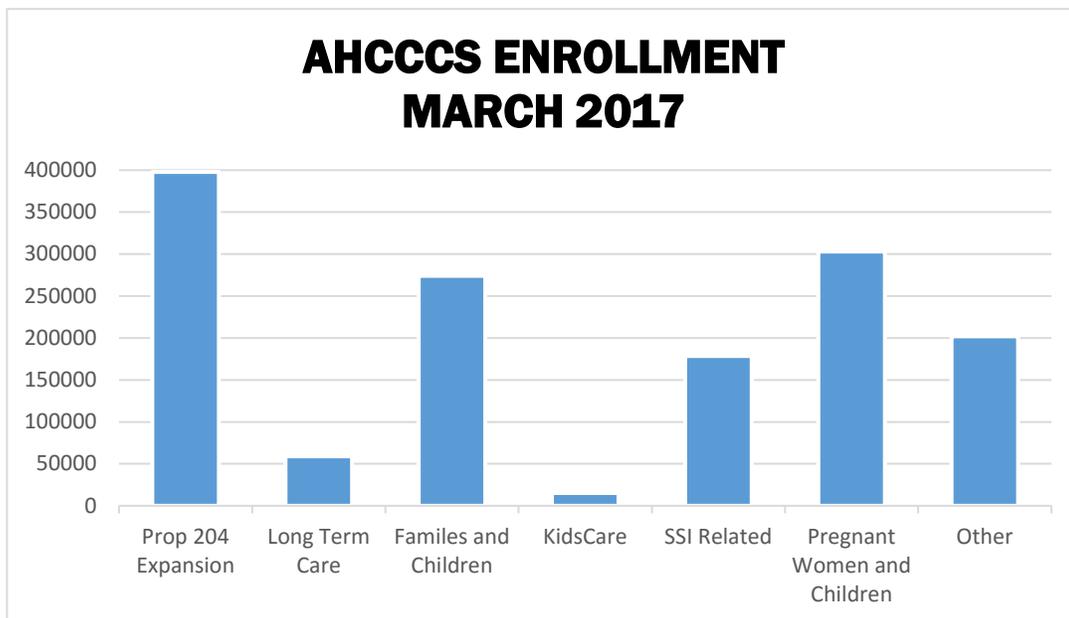
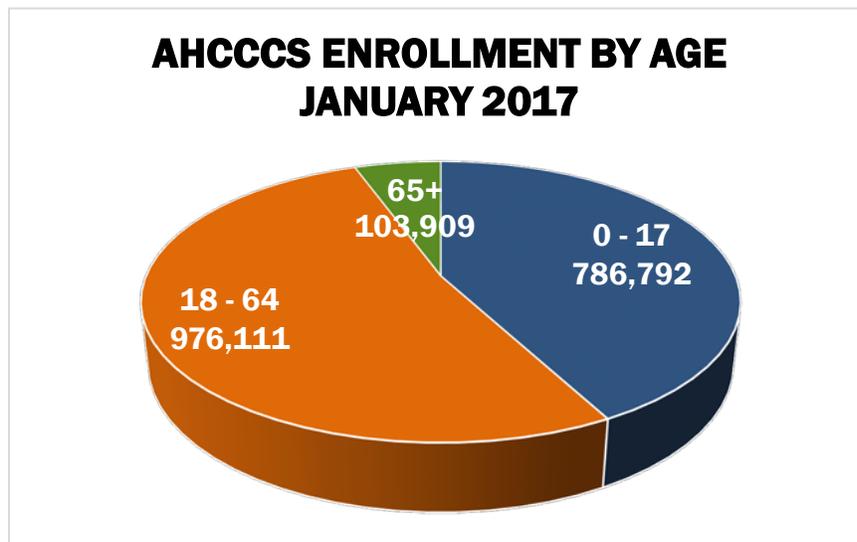
Older Arizonans will be hit especially hard:

- More than 100,000 seniors depend on Medicaid in Arizona.
- This allows private insurers to charge older adults premiums that are five times higher than those that are charged to younger people.
- Because their premiums are higher, older adults will be particularly hard hit by the requirement to maintain continuous coverage or face a 30% premium surcharge.

FEDERAL MATCHING FUNDS FOR MEDICAID IN ARIZONA

AHCCCS Population	Current law (ACA)	AHCA changes Now - Dec. 31, 2019	AHCA changes beginning Jan 1, 2020
Prop 204 Childless Adults (up to 100% FPL)	Phasing up each year to 90% in 2020	80% FMAP	80% for each person remaining continuously enrolled (without a break in coverage), regular Medicaid FMAP for new enrollees (Arizona's is 69.24%)
AHCCCS Expansion (100-138% FPL)	100% FMAP phasing down to 90% in 2020	Phase down from 100% to 90% in each year (as in existing ACA)	90% in 2020 for each person remaining continuously enrolled (without a break in coverage), regular Medicaid FMAP for new enrollees (Arizona's is 69.24%)
AHCCCS children ages 0-6, up to 140% FPL	100% FMAP	Remains at 100%FMAP	Reverts to FMAP of 78%
AHCCCS expansion children ages 6-19 100% to 138% FPL	100% FMAP	Remains 100% FMAP	Reverts to FMAP of 78%

Federal Medical Assistance Percentage (FMAP) or commonly known as the federal match rate American Health Care Act (AHCA)



*Source of charts: AHCCCS Population Demographics; AHCCCS Population by Category
Note: KidsCare enrollment for March 2017 is 15,233*