

Republican health care plan guts Medicaid, shifts funds from poor to rich

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House Republican leaders on Thursday briefed rank-and-file members on the outlines of their plan to replace the Affordable Care Act (ACA). Speaker Paul Ryan, Health and Human Services Secretary Tom Price and two House committee chairmen reported to the press on the “talking points” presented at a meeting in the House basement.

Though short in details on how the proposals would be paid for, the plan takes aim at Medicaid, the government health care program for the poor and disabled jointly administered by the federal government and the states. It would also shift the burden of health care costs even more heavily on the working class. Republican leaders provided no estimates of the number of people who might gain or lose insurance under their proposals.

Donald Trump met at the White House Thursday with House Republicans who backed his presidential bid who were looking for his support in repealing and replacing the 2010 legislation commonly known as Obamacare. At a news conference following the meeting, the president said, “We should be submitting the initial plan in March, early March,” appearing to refer to a House bill that could move forward by then.

From its inception, the ACA’s aim has been to cut costs for corporations and the government, while shifting the US to an even more heavily class-based health care system than what previously existed. Obamacare’s key component, the “individual mandate,” compelled those without insurance to purchase it from private insurance companies under threat of a tax penalty.

Outlines of the Republicans’ replacement plan would further boost health insurers’ profits. The ACA’s modest government subsidies to low and middle income people would be replaced with tax and other

mechanisms that would favor the wealthy and provide little to no assistance to the vast majority of health care consumers.

The Republican plan would repeal the individual mandate and penalty, but it would also eliminate fines on employers for not providing their workers with insurance coverage. Sources familiar with the proposal told the AP that a new tax might be imposed on individuals receiving health care from their employers valued above \$12,000 for an individual or \$30,000 for families. That is, it would penalize those receiving decent employer-sponsored health insurance.

It would also roll back the Medicaid expansion under the ACA, which has newly insured an estimated 10 million people. Republicans have long eyed the program—which provides vital health coverage to families, seniors and people with disabilities—for destruction. This attack on Medicaid would go a long way toward this aim, and it is among the most vicious of the Republicans’ proposals.

While providing no dollar amounts or details, the House outline calls for converting Medicaid to either a per capita cap or a block grant to the states. All past Republican plans, including those of Ryan and Price, have featured deep cuts that would grow steeply over time. It would be impossible for states to absorb these cuts without cutting coverage for people who should qualify for benefits.

Currently, Medicaid funding adjusts to meet need, whether from a public health emergency like the opioid crisis or the Zika virus, or the growing health care needs of aging baby-boomers. A block grant or per capita cap would deliberately stop this automatic response to increased need, forcing states to decide who should be denied benefits, or how benefits should be rationed among the most needy.

The Republicans’ “talking points” also confirm that “Obamacare’s Medicaid expansion for able-bodied adults [sic] enrollees would be repealed in its current form.” Their proposal would end the ACA’s enhanced federal matching funds for the currently enrolled Medicaid expansion population after a limited period of time.

While states would be “free” to continue to cover the 10 million people, plus those who would become eligible in the future, under Obamacare’s Medicaid expansion, by a set date they would have to pay between 2.5 and 5 times as much per person to do so, according to the Center on Budget and Policy Priorities (CBPP). The massive cut in federal funding would force states to choose between covering low-income adults and covering children, seniors and the disabled.

The savings from the cuts to Medicaid would likely go toward “relief from all the Obamacare tax increases,” as outlined by the House Republicans. According to CBPP, based on previous plans, these savings would “go to help fill the hole created by cutting Medicare taxes for high earners and eliminating drug company, insurer, and other fees” that helped finance Obamacare’s coverage expansion.

The resulting tax cuts would average \$50,000 per year for households with incomes over \$1 million, according the Urban-Brookings Tax Policy Center.

In place of the ACA’s refundable premium tax credits (subsidies) that are currently helping more than 9 million people afford coverage, the Republican proposal would offer a flat credit determined by age, regardless of income, with the biggest financial benefits going to older Americans.

This would mean that a 25-year-old earning \$25,000 a year would receive less of a tax credit than a 65-year-old multimillionaire. The end result would be that many low- and middle-income people would be unable to come up with the money to pay the gap between their fixed tax credit and the cost of a health insurance plan.

The Republican proposals would also expand Health Savings Accounts (HSAs), which allow people to put aside money tax-free to pay for out-of-pocket health care expenses. These HSAs are obviously of little help to families struggling to pay rent, utilities and put food on the table and have nothing to set aside. The tax benefits for the wealthy, on the other hand, would be substantial.

The House Republicans’ plan calls for the creation of unspecified “State Innovation Grants” to supposedly aid states in covering costs for diversifying the risk pool and covering people with pre-existing conditions. CBPP notes that previous “high risk pools” have failed to provide affordable, quality health coverage for sicker individuals.



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