

Senate Republican health plan could make deeper cuts to Medicaid than House version

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As the Senate Republican “working group” continues to craft its plan to “repeal and replace” the Affordable Care Act (ACA) behind closed doors, press reports suggest that in some respects the Senate bill will go even further than the House version in attacking working people and cutting health care for low income families.

Both the Senate bill and the American Health Care Act (AHCA) passed by the House would gut Medicaid, the health insurance program jointly administered by the federal government and the states. The Congressional Budget Office (CBO) has estimated that the AHCA would cause 23 million people to lose health insurance by 2026, mainly because the House bill would effectively end the ACA’s Medicaid expansion for low-income adults.

The AHCA would cut \$800 billion from Medicaid over 10 years, by both ending the expansion of the program and placing a per capita cap on Medicaid spending overall. This would mark the end of the program as a guaranteed social benefit based on need, forcing states to cut back benefits and throw people off the rolls.

The *Hill*, citing lobbyists and Senate aides, now reports that an option being considered by the 13-member Senate working group would make even deeper cuts to Medicaid by changing the way growth in per-patient spending is calculated. While the proposal would start with the growth rate for the cap on Medicaid spending at the same levels as the House bill, beginning in 2025 it would drop it to a lower growth rate, the *Hill*’s sources say.

The AHCA would cap Medicaid’s per-patient spending and adjust it upward each year based on the CPI-M, the consumer price index for urban consumer medical care. It would add an extra percentage point

each year for spending for the elderly and disabled. The Senate plan would use the same system initially, but beginning in 2025 it would adjust per-enrollee spending using the standard CPI-U, or prices paid by urban consumers for a representative basket of goods and services.

The change is not simply one of bookkeeping. Due to the rising cost of medical care relative to other consumer goods, the change would cripple Medicaid even further by decreasing the already restrictive spending cap and growth rate. To put this into perspective, since 2000, the CPI-M has grown about 41 percentage points more than the CPI-U.

According to the *Hill*, the “plan has been described as a ‘consensus option’” and has already been sent to the Congressional Budget Office for analysis. The Office of the Chief Actuary at the Centers for Medicare and Medicaid Services (CMS) recently estimated that the change in the consumer price index used would slash an estimated \$64 billion from Medicaid funding over a decade.

While Senate Republicans are in the final stages of drafting the bill, without any public hearings or even a pretense of consultation, Senate Democrats are engaged in a political stunt that will do nothing to stop passage of the reactionary legislation.

The Democrats planned to disrupt Senate business by holding the floor all Monday night to protest the Republicans’ secretive procedure, using parliamentary tactics to disrupt the ordinary business of the chamber.

While making speeches on the virtues of Obamacare—the Democratic program to cut health care costs for corporations and the government—the Democrats are making only a token gesture against the even more reactionary pro-business replacement plan

being drafted by the Republicans.

The Democrats can offer no way forward for the millions of Americans who are currently struggling to obtain health care and pay their bills under Obamacare, and will fare even worse under the Republican replacement. That is because the Democrats share the same class objectives as the Republicans, to boost the profits of insurance companies, drug companies, hospital chains and medical device companies.

Senate Majority Leader Mitch McConnell has set a goal of pushing the legislation through before the July 4 recess, using the process known as “reconciliation,” which allows the bill to pass with a simple majority and exempts it from any filibuster. The main obstacle to passage is not any protest by the Democrats, which is only for public consumption, but differences within the Republican caucus in the Senate and between House and Senate Republicans.

Meanwhile, a new study also shows the potential ill effects of the House bill, the AHCA, on the US economy. The study by the Commonwealth Fund and George Washington University shows that while the economy would see a short-term boost from the repeal of the ACA’s taxes on the wealthy and corporations, in the long run the decrease in federal spending on health care would lead to the loss of almost 1 million jobs over a decade.

The study writes of the AHCA: “It initially raises the federal deficit when taxes are repealed, leading to 864,000 more jobs in 2018. In later years, reductions in support for health insurance cause negative economic effects. By 2026, 924,000 jobs would be lost, gross state products would be \$93 billion lower, and business output would be \$148 billion less. About three-quarters of jobs lost (725,000) would be in the health care sector.”

The number of people working in the health care sector has risen in recent years due to the greater access to health care by people newly insured under Obamacare or through the expansion of Medicaid, as well as the aging of the population. The study notes that under the AHCA, cuts to Medicaid and federal subsidies for people to access health insurance would lead to fewer people using medical care and fewer jobs in the health care sector.

In other words, the estimated 1 million job losses would be a direct result of people being denied access

to needed medical care, and those who are insured would have less money to put back into the economy in the form of consumer spending. The job losses would vary by state, according to the study, with many losing tens of thousands of jobs (see map).



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