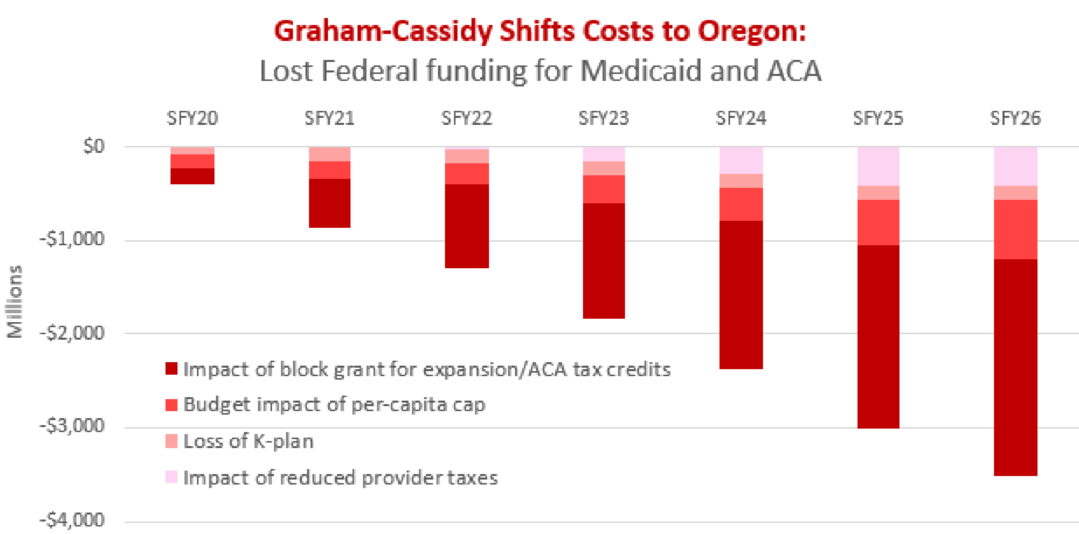
Graham-Cassidy Proposal – Impact on Oregonians

In July 2017, the U.S. Senate considered, but failed to pass, the Better Care Reconciliation Act (BCRA), which would have repealed many aspects of the Affordable Care Act (ACA) and instated new funding caps for Medicaid. The bill has since been amended and a new version, the Graham-Cassidy-Heller-Johnson proposal, may be considered by Senate Committees and the full chamber before Sept. 30, 2017.

The Oregon Department of Consumer and Business Services and the Oregon Health Authority found that the BCRA could shift billions in new costs to the state and jeopardize health coverage for hundreds of thousands of Oregonians by 2021. Revisions to the bill included in the Graham-Cassidy proposal could result in similar, or even higher, coverage losses, maintain dramatic cost shifts to Oregon taxpayers, and increase disruption and instability in the individual health insurance market by requiring Oregon to create a new infrastructure to use federal block grants in just two years.

- ***Combined with provisions unchanged from BCRA, the Graham-Cassidy proposal would reduce federal funding to Oregon by more than $13 billion from 2020 to 2026, with the funding losses growing more significant when the block grant expires after 2026.***
- ***This loss of funding would put coverage at risk for 450,000 Oregonians: 350,000 Oregonians who gained coverage through the Medicaid expansion and more than 100,000 Oregonians who receive subsidies to help pay for their insurance plans.***



Reduced funding for covering Oregonians:

- **Block grants replace current ACA funding for Medicaid expansion and marketplace tax credits.** The Graham-Cassidy block grant formula would effectively redistribute federal funding from states that have expanded access to Medicaid under the ACA and instead direct it to states that have not done so. Multiple national-level estimates predict that Oregon could lose $8 billion to $13 billion in federal Medicaid and marketplace-based funding from 2020 to 2026 as part of the transition to block grants alone.

- **Federal funding caps for Medicaid add to financial losses.** The Graham-Cassidy proposal abruptly eliminates federal funding for the Medicaid expansion population in 2020 while also eliminating states' ability to access any federal funding to cover this population with Medicaid. The Graham-Cassidy proposal maintains BCRA's per-capita caps on federal Medicaid funding and would shift at least $2.4 billion in additional costs to the state budget between 2020 and 2026.

- **Cuts to funding for public health and community-based services.** The Graham-Cassidy amendment maintains BCRA's elimination of enhanced funding added by the ACA for states to increase access to home and community-based long-term care services and supports that are projected to cost Oregon $150 million annually in lost federal funding, beginning in January 2020 for a total of nearly $1 billion by 2026. Like BCRA, the proposal also cuts public health funding for Oregon by $10 million annually.

Private insurance market: Repeals most ACA provisions

Similar to previous repeal and replace bills, Graham-Cassidy repeals the requirement for individuals to have insurance and for employers to offer their employees insurance retroactive to 2016. It also allows insurers to charge higher premiums for older adults. In contrast to the other proposals, Graham-Cassidy eliminates the premium tax credit and cost-sharing subsidies that help low- to mid-income people pay for health insurance they buy through the Health Insurance Marketplace. In 2016, more than 100,000 Oregonians who purchased coverage through the Marketplace and received a subsidy were granted an average subsidy of $349 per month. Without subsidies, these Oregonians likely would not be able to afford coverage and would have to go without insurance. This, combined with the repeal of the individual mandate, would cause further instability in the market and higher premium rates.

Limiting access to reproductive health services

Like the BCRA, Graham-Cassidy prohibits the use of federal funding to pay subsidies for health plans that cover elective abortion starting in 2018. Most Oregon health insurers cover abortions, so many Oregonians would not be able to access tax credits and cost-sharing subsidies starting in 2018. Additionally, Oregon would not be able to use block grant dollars to help Oregonians buy health insurance plans with reproductive health benefits, including abortion, mandated by state law starting Jan. 1, 2019. The Oregon Health Plan also would be prohibited from spending federal Medicaid funds on any services delivered to OHP enrollees by Planned Parenthood. (Federal Medicaid dollars are already prohibited from being used to cover elective abortions.)