AFFORDABLE CARE ACT REPEAL AND REPLACE EFFORTS: UNCERTAIN TIMES

After a dramatic journey through the House and the Senate, Congressional efforts to repeal and replace the Affordable Care Act (ACA) are now stalled, with Medicaid a key focus of the Senate deliberations. At the time of the drafting of this article, Senate GOP leadership has announced plans to introduce a repeal and delay bill to repeal ACA but provide Congress with additional time to develop a replacement. Future repeal efforts may consider common elements of both the American Health Care Act passed by the House and the Better Care Reconciliation Act proposed by the Senate. The major Medicaid reforms considered by both bills included:

a) a phase-down of Medicaid expansion,
b) per-capita caps on federal Medicaid spending,
c) a block grant, and
d) a state plan option for work requirements.

While these proposed changes to Medicaid were controversial, it is likely that a replacement bill will include provisions that attempt to curb federal spending and enhance state flexibility. If a replacement bill includes changes to the federal funding of Medicaid programs, states will have to analyze the impact of these financing changes of their programs. To create meaningful estimates of the potential impacts, each state must account for its unique Medicaid population and subpopulations, historical spending and rate of spending growth, demographic trends, existing waivers or other financing arrangements, and program and benefit design. Each of these elements could change the degree to which federal financing mechanisms (e.g., per capita caps or block grants) might affect one state or another. Indeed, the compounding, year-over-year financial ramifications of these different calculations can be dramatic. Mercer's policy and actuarial consultants are available to help our state Medicaid clients assess how they would fare under legislative scenarios.

SO WHAT COMES NEXT?

In the absence of successful legislative changes, we may also see an uptick in states requesting waiver authority to operate their programs with some of these reforms, such as waivers to impose Medicaid work requirements. In addition, we will turn our attention to the pending expiration of funding for the Children's Health Insurance Program (CHIP) and community health center operating support on September 30. Although reauthorizing spending for each of these programs has strong bi-partisan support on its own, it may be difficult for Congress to address those funding issues now that ACA repeal and replace is uncertain. We will also be reviewing changes that are likely to come to the Department of Health and Human Services' budget (given that it assumed passage of repeal and replace legislation). Mercer is following congressional developments closely, and can help state Medicaid programs understand the implications of various proposals or alternatives that might emerge through the legislative process.

For More Information, email us at mercer.government@mercer.com