STAT News

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SPECIAL REPORT

FEDERAL UPDATE: Less than 10 Days to Potential Disaster

Once again healthcare coverage for Americans is on the line. The Senate is pushing for passage of the Graham/Cassidy/Heller/Johnson bill that would repeal and replace parts of the Affordable Care Act (ACA) by September 30, 2017. That is the end of the 2017 federal fiscal year and the last day the Senate can use the reconciliation process to push through legislation that requires only 51 votes, as opposed to 60 votes under regular rules. If the legislation passes the Senate, it still needs to go to the House. The deadline is tight and activity in Washington DC is occurring at a fast and furious pace. Lost in the debate is the fate of millions of Americans' ability to afford healthcare insurance and adequate funding to hospitals to cover the cost of services.

This bill, perhaps the worst one offered by the GOP to date say healthcare economists, would eliminate the ACA's tax credits and Medicaid expansion dollars and replace them with per capita block grants to the states. The states would receive a capped pot of money to care for their Medicaid beneficiaries, regardless of enrollment surges and routine rising costs to provide healthcare services. According to the Center on Budget and Policy Priorities, the block grant policy and the Medicaid per capita cap would cut federal spending to New York by $18.9 billion in 2026. The bill is re-distributive in nature in that funding that has gone to states that chose to expand their Medicaid programs would go to states that did not choose to expand their Medicaid programs.

Cost sharing subsidies paid to insurers who sell on the marketplace would also end. These are payments given to insurers to offset insurers' costs for covering sicker and costlier beneficiaries. Without these payments the market will de-stabilize, causing insurers to exit the market and/or raise premiums for everyone to guard against potential revenue losses. The Congressional Budget Office (CBO) previously estimated that failure to fund the cost sharing subsidies in 2018 would increase premium rates by 20 percent and increase the federal deficit by $6 billion in 2018.

Those with pre-existing conditions are vulnerable once again to not being able to afford or even obtain coverage under this bill. That is because the bill offers states a waiver provision, allowing states to tinker with pre-existing condition exclusions, lifetime caps, and other consumer protections. States would also have the freedom to eliminate coverage for essential health benefits, such as prescription drugs, maternity care, screenings, and hospital care.

Most importantly, this bill and pending Medicaid disproportionate share (DSH) cuts, unrelated to the Graham/Lindsey legislation, blow a huge hole in New York State's budget due to the loss of federal Medicaid funds. DSH payments help cover the cost of care at hospitals that serve a disproportionate number of indigent and uninsured. That hole has to be filled, explains Kevin Dahill, president/CEO of the Suburban Hospital Association of New York State.

"The state will look anywhere and everywhere to fill that hole, including assessing businesses and even raising individual taxes," said Dahill. "The Medicaid dilemma is clearly everyone's problem. It most certainly is an issue for the one in six New Yorkers who depend upon the program for their health coverage. These are your frail elderly relatives living in nursing homes, your neighbors who have a disabled child, and the working-poor adults who barely make enough money to feed their families."

"All bets are off," said Governor Andrew Cuomo at a September 19, 2017 press conference. "If this bill becomes law it will dismantle New York's healthcare system as we know it and we will have to start over."

New York State has spent the last six years instituting massive health reform by way of the Delivery System Reform Incentive Payment (DSRIP) program designed to reduce preventable hospital admissions by 25 percent within five years, improve the quality and provision of care, and reduce costs overall. Preliminary results from the New York State Department of Health show that the program is working. This is year three of DSRIP and performance metrics are now tied to payments.

"The Graham/Lindsey bill voids all this progress and savings," said Dahill.