

FACT SHEET

September 27, 2017

Graham-Cassidy Would Repeal the ACA, Cut & Cap Medi-Cal **Much Bigger Federal Health Cuts Than Previous Proposals—Especially for California**

Republican Senators Lindsey Graham, Bill Cassidy, Dean Heller, and Ron Johnson are making a last-ditch effort to repeal the Affordable Care Act (ACA) before the budget reconciliation process expires on September 30, 2017. The Graham-Cassidy-Heller-Johnson (Graham-Cassidy) proposal will end funding for ACA's financial assistance for consumers and Medicaid expansion, while also making devastating cuts to the overall Medicaid program. This would result in California's health system losing a **staggering \$138.8 billion in federal funding between 2020 and 2027, and over \$53 billion/year thereafter**.¹ In addition, the proposal will allow states to waive important consumer protections and essential health benefits, undermine and eliminate protections for people with pre-existing conditions, and defund Planned Parenthood.

By 2026, the Graham-Cassidy proposal would cut \$80 billion/year nationally.² **California stands to lose nearly \$23 billion³ annually by 2026**, which is a disproportionate share (nearly 30%) of the total \$80 billion federal funding cut. **In 2027, when federal ACA funding is completely eliminated, California will face a stunning \$53 billion/year funding cut going forward.** This cut is even more, in both dollars, and in percentage, than under previous ACA repeal proposals. Graham-Cassidy deliberately shifts resources from large, densely-populated states that embraced and implemented the ACA, to smaller, more sparsely-populated states that did not. States like California, New York, Maryland, and Massachusetts that were successful in enrolling millions of people in the marketplace and on Medicaid would face disproportionately larger cuts—intentionally and explicitly.

In 2027, Graham-Cassidy would cause **7.5 million more** Californians to become uninsured, resulting in over 10 million uninsured Californians, far higher than pre-ACA levels.⁴ Also, under Graham-Cassidy, it is projected that **California would lose 550,000 jobs and would have \$60.4 billion less in state GDP and \$4.4 billion less in state and local tax revenues in 2027**.⁵

"These are the four states in order of how well they do [under the ACA]: Massachusetts, California, New York, and then Maryland... What you can do is redistribute this money that has been heaped upon these four ultra-blue, very wealthy states..."

If California simply wants to expand Medicaid with this money, good luck. They're going to have to cut their program dramatically because they don't have the money with what they're funding now."

- An author of Graham-Cassidy, former Senator Rick Santorum, [Breitbart News, August 22, 2017](#)

Eliminating ACA Marketplace Subsidies and Medicaid Expansion

Graham-Cassidy directly threatens coverage for the 14.1 million Californians who receive care through Medi-Cal (including the over 4 million of who became eligible for Medi-Cal through the expansion) and the 2.3 million who buy coverage in the individual market (1.5 million of whom are in Covered California). The proposal would ultimately eliminate all federal funding available under the ACA, including the Medicaid expansion and the federal tax subsidies now worth \$5 billion annually to 1.2 million Covered California consumers.

FACT SHEET: Graham-Cassidy Proposal

While Graham-Cassidy is similar to other ACA repeal proposals that failed to pass the Senate, one different is that it would replace funding for premium tax credits, cost-sharing reduction payments, and Medicaid expansion with insufficient block grants (until 2026, at which point they are eliminated altogether). Federal resources would be redistributed to states based on criteria that is unrelated to actual coverage and spending needs and in ways that favor Republican states. Between 2020 and 2026, Graham-Cassidy's block grants will shrink annually compared to current spending. **After 2026, the block grants would be completely eliminated, leaving no federal funding for California and other states' marketplaces subsidies and Medicaid expansions.**

Covered California estimates that under current enrollment, California would require \$6.9 billion in 2020 and \$7.5 billion in 2021 in federal funding towards marketplace subsidies.⁶ Though, under Graham-Cassidy, California would only receive \$2.5 billion in 2020 (leaving a \$4.4 billion shortfall) and \$838 million in 2021 (a \$6.6 billion shortfall).⁷ This is a 77% cut in federal marketplace funding subsidies between 2020 and 2021, which reduces the number of Californians who can receive financial assistance. This would also result in nearly 2 million Californians losing coverage by 2021 and would lead to the collapse of the individual market.⁸

Cutting & Capping Medicaid Coverage for Seniors, Children, Adults, & People with Disabilities

The Graham-Cassidy proposal would cap and cut Medicaid funding for seniors, children, adults and people with disabilities, resulting in an additional \$180 billion in Medicaid cuts over the next ten years.⁹ The CBO estimates Medicaid would be cut by over a quarter (26%) by 2026 and over a third (35%) by 2036.¹⁰ Currently, the federal government matches every dollar that California spends on Medi-Cal. The per capita caps proposal would undo this federal guarantee (in place for 50 years) and shift the responsibility for 100% of the costs above the per-beneficiary cap back to the state. **On top of the ACA subsidy and Medicaid expansion cut, the per capita caps would cost California another \$8.7 billion in 2027, a cumulative cut of \$35.2 billion between 2020 and 2027.**¹¹ The per capita caps would not account or adjust for increasing health care costs, an aging population, or other public health emergencies. State policymakers would be forced to significantly cut eligibility, eliminate benefits such as In-Home Supportive Services, and/or reduce already inadequate provider rates.

Graham-Cassidy: Devastating to California's Health Care System and State Budget

In California, the structural impacts of eliminating marketplace subsidies and Medicaid expansion funding, as well as changing Medicaid federal funding into a per capita caps, would result in a **federal cut to California of nearly \$23 billion annually by 2026.**¹² By 2027, California would be cut **\$53 billion annually** as a result of the block grant expiring and the Medicaid per capita caps growing larger.¹³ While the Graham-Cassidy proposal has been portrayed as a "compromise" between various Republican factions, it will be even more devastating than the Republican House's "American Health Care Act" or the Senate's "Better Care Reconciliation Act." The Graham-Cassidy proposal would mean at least 32 million Americans and at least 7 million Californians lose health coverage, an undermining of key protections for those with pre-existing conditions, and forcing consumers to pay more for their health care while getting less coverage.

¹ California Department of Health Care Services, Jennifer Kent and Mari Cantwell, [Summary and Preliminary Fiscal Analysis of the Combined Medicaid and Health Benefit Exchange Provisions in the Graham-Cassidy-Heller-Johnson Amendment](#), September 21, 2017.

² Center on Budget and Policy Priorities, Jacob Leibenluft, Edwin Park, Matt Broaddus, and Aviva Aron-Dine, [Like Other ACA Repeal Bills, Cassidy-Graham Would Add Millions to Uninsured, Destabilize Individual Market](#), September 13, 2017.

³ California Department of Health Care Services, Jennifer Kent and Mari Cantwell, [Summary and Preliminary Fiscal Analysis of the Combined Medicaid and Health Benefit Exchange Provisions in the Graham-Cassidy-Heller-Johnson Amendment](#), September 21, 2017.

⁴ Covered California, John Bertko and Wesley Yin, [Potential Impacts of Graham-Cassidy-Heller-Johnson on Californians and the Individual Health Insurance Market](#), September 25, 2017.

⁵ UC Berkeley Labor Center, Laurel Lucia, Ian Perry, and Ken Jacobs, 550,000 Fewer California Jobs Projected Under Last-Ditch GOP Health Bill in 2027, September 26, 2017.

⁶ Ibid.

⁷ California Department of Health Care Services, Jennifer Kent and Mari Cantwell, [Summary and Preliminary Fiscal Analysis of the Combined Medicaid and Health Benefit Exchange Provisions in the Graham-Cassidy-Heller-Johnson Amendment](#), September 21, 2017.

⁸ Covered California, John Bertko and Wesley Yin, [Potential Impacts of Graham-Cassidy-Heller-Johnson on Californians and the Individual Health Insurance Market](#), September 25, 2017.

⁹ Congressional Budget Office, H.R. 1628 Better Care Reconciliation Act of 2017 Cost Estimate, June 26, 2017.

¹⁰ Ibid.

¹¹ California Department of Health Care Services, Jennifer Kent and Mari Cantwell, [Summary and Preliminary Fiscal Analysis of the Combined Medicaid and Health Benefit Exchange Provisions in the Graham-Cassidy-Heller-Johnson Amendment](#), September 21, 2017.

¹² Ibid.

¹³ Ibid.